



Nigeria Industrial Revolution Plan

NIRP- Release 1.0 (January 2014)

History shows that no country has ever become rich by exporting raw materials without also having an industrial sector, and in modern terms an advanced services sector. The more a country specializes in the production of raw materials only, the poorer it becomes

... Industry multiplies National wealth !





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Statement by Mr President



Dr. Goodluck Ebele Jonathan, GCFR

Over the last 100 years, our country has made very significant progress in its political, social and economic development. We successfully transitioned to democratic rule in 1999 and have peacefully changed power through three Presidents between then and now – a veritable evidence of the growing strength of our political institutions. In the area of social transformation, we are also waxing strong and our sense of a national identity as Nigerians has never been as strong as it is today.

As we go forward, Nigeria's economic transformation will however be our strongest legacy. A strong economy creates wealth, improves living standards and ensures a stable political and social environment. This is why my focus since this administration assumed office in 2011 has been to fundamentally restructure and diversify the Nigerian economy, to ensure sustained growth, and create jobs for our teeming youth.

We have achieved remarkable macroeconomic stability, consolidated Nigeria's fiscal policy and positioned Nigeria's real sector for unparalleled growth. Nigeria's growth rate of 6 to 7 percent per annum is still one of the top 10 in the world. Our exchange rates have been stable

and inflation has been brought down to single digits. Our bold reforms in key sectors like the electric power industry have set the tone for unprecedented growth over the next two decades making conditions right for us to now take the next significant step, which is to fully industrialize Nigeria.

The "Nigeria Industrial Revolution Plan" (NIRP) is our national roadmap for real industrialization. It is already a living vision, as many elements of its implementation have since commenced. The goal is simple: to add about NGN 5 trillion to annual manufacturing revenues in the next three to five years. This will create jobs, generate wealth, diversify our economy, substitute imports, boost exports, and broaden our tax base. The NIRP has a limited time-frame within which we will accelerate industrial capacity expansions and reforms.

All developed and emerging economies have used industry as the key driver of modernization. Industry is what creates the platform that attracts capital and technology.

Without industry, a country's economy cannot evolve, sufficient jobs will not be created and wages may not grow.

I am emboldened by the achievements we have already recorded while implementing parts of the NIRP over the last three years. The interest shown by investors also proves that we are on the right track and must therefore sustain these efforts.

This is a journey Nigeria must undertake. I am confident that the NIRP will industrialize our great country and that it will create the jobs and wealth to make Nigeria achieve the fullness of its potential and reach the heights of its glory.

Goodluck Ebele Jonathan, GCFR

President, Federal Republic of Nigeria



Foreword by the Nigerian Minister of Industry, Trade, and Investment



Honorable Minister Olusegun Aganga CON

These are interesting times for us Africans. Our continent has become the favorite destination for investors, both local and global. Africa has been the World's fastest growing continent over the last 10 years. Between 2001 and 2010, Africa had 6 of the World's top 10 fastest growing economies; and over the next 10, Africa will have 7 out of the top 10.

At the center of this economic momentum on the Continent, is Nigeria, the most populous African country, and its 2nd largest economy. Under the leadership of his Excellency, Mr. President, Dr Goodluck Ebele Jonathan, GCFR, this government has set out to diversify the Nigerian economy and address the fundamental infrastructural issues hindering productive activities in our country. The goal is to move Nigeria beyond selling just raw materials, into more value-added manufacturing activities. We can and we must produce what we consume. The days of exporting raw materials and jobs,

are coming to an end. It is time to build on our competitive advantage and turn our quantity advantage to productive advantage. We have developed the Nigeria Industrial Revolution Plan (NIRP) with this in mind.

At the heart of the NIRP, is the need for Competitiveness. This is the only way Nigerian manufacturing can thrive. We believe, it all starts and ends with Competitiveness. How to become competitive, but also to stay competitive, in order to attract an increasingly finite group of leading edge manufacturing investors globally. The NIRP has been developed by the Federal Ministry of Industry, Trade, and Investment, with inputs from other Government agencies and the larger Private sector. Implementation of key elements of this plan has also been ongoing since 2011, and we have achieved significant momentum with government agencies and the private sector during this period.

In developing the NIRP, we have learnt from the experiences of other countries, as well as our own experience as a country. But more importantly, we have looked inwards at the peculiarities of our market, so we set a direction that is truly attuned to utilizing the best of Nigeria's assets. All countries that have industrialized have done so by taking actions based on conviction and courage. National development cannot be imported, it must come from within. We know we become knowledgeable by learning from others, but we only become wise by understanding ourselves.

The Nigeria Industrial Revolution Plan is a five year plan to rapidly build up industrial capacity and improve competitiveness in Nigeria. The plan identifies Industry groups where we have comparative advantage – Agro Allied and



Agro Processing; Metals and Solid Minerals Processing; Oil and Gas related Industries; and Construction, Light Manufacturing, and Services. The NIRP also addresses the numerous issues that have held back the Nigerian non-oil sector for years – it addresses the high cost of funding and lack of long term finance in Nigeria; it builds up Industrial infrastructure and power for industry; provides industrial skills; links innovation and industry; improves our investment climate; strengthens product standards; and promotes local patronage. The NIRP, for the first time in Nigeria's history, links our trade policy, with our Investment and industrial policies. This brings coherence in government's agenda to diversify the Nigerian Economy. With NIRP, we will increase manufacturing from 4 percent of GDP, to over 10 percent by 2017, adding about NGN 5 trillion to manufacturing annual revenues. It is also key to mention the various interfaces the NIRP has with other development plans in Nigeria. The peculiar nature of Industry warrants that it integrates with almost every other segment of the economy. The NIRP's governance model therefore adopts an inclusive structure, bringing in other government agencies such

as the Ministry of Mines and Steel, Agriculture, Petroleum, Power, Transport, Finance, Works, ICT, Science & Technology and the private sector to ensure adequate policy synergy and consistency.

This is a big step for our country. History shows that no country has ever become rich by exporting raw materials without also having an industrial sector, and in modern terms an advanced services sector. The success of Nigeria, is the success of Africa. The key to sustaining our future is the economy, and the Nigerian government has made this the heart of our national agenda.

I believe a remarkable transformation has commenced in our country, under the strong leadership of Mr President. The steps we take today will leave a strong legacy for generations of future Nigerians. With the NIRP, we have begun to shape a new economic direction for Nigeria; and with strong conviction, an eye on the future, and hard work, we will sustain this journey of transformation and attain the goals of industrialization.

Olusegun O. Aganga, CON



Chapter 1.0: Background

1.1 Why Industries Succeed

In the modern global economy, industrial development is not luck, it is a nation's choice. With continued globalization of the world's economy, the convergence of consumer tastes, and world-wide dispersal of industrial technology, the manufacturing sector has never been as competitive as it is today. Companies are no longer concerned about firms within their geographic jurisdiction, but with every competitor all over the world. Low international freight costs, and unprecedented levels of information available over the internet has truly transformed the world into a single accessible market. In today's world, the fierce global competition has reduced the likelihood of spontaneous development of new Industry. Countries must therefore have a deliberate, precise, and intense approach to nurture and expand Industrial activities. This is even more paramount for a country like Nigeria, starting from a relatively low manufacturing base.

Industries succeed when they are competitive. The philosophy of the 'Nigeria Industrial Revolution Plan' (NIRP) starts with the acknowledgement that Nigeria's industrialization must be driven by long run competitiveness. Industries thrive locally, when they can compete globally. Industry needs a competitive business environment to prosper, an environment where costs are low, regulation is streamlined, infrastructure is reliable, and government bureaucracy is minimized. The global competition is for capital, technology, credible sponsors, and skilled labor. These resources are finite and not in limitless quantity, as such Nigeria has decided to act in earnest, and build differentiating competitive advantages in areas where it already has some comparative advantage and strengths. African countries, in general, need to be competitive to increase their share of the global economy. Africa has less than 1 percent

manufacturing Value-Added, and accounts for less than 3 percent of global trade. This is because of the continent's emphasis on producing only raw materials, essentially limiting economic activities to the bottom of the value-chain pyramid. This is not how African countries will develop. As part of economic transformation across the continent, African nations should produce more of what they consume and add value to local commodities. This however is only possible through the development of a competitive real sector. A new paradigm is required on the African continent, to change the old policies of exporting raw materials and jobs, without building up capacity in areas of comparative advantage, driven by raw materials, markets, cheap labor, and other strengths.

... Industries thrive locally, when they can compete globally

Policy makers must also consider that in most circumstances investors always have the option to relocate. Investments have become less sticky than in prior decades. Even in China, despite large investments, manufacturing plants are beginning to move out to neighboring countries like Vietnam and Thailand due to lower labor costs in those countries. The context for Nigeria therefore is not just to become competitive, but actually to remain competitive.

1.2 NIRP Underlying Philosophy

The NIRP's underlying philosophy is to build Nigeria's competitive advantage, to broaden the scope of industry, and to accelerate expansion of the manufacturing sector. The NIRP adopts both a direct and an indirect approach to promoting industrialization. The direct approach identifies sectors where Nigeria can truly win and dominate, based on an assessment of our country's comparative advantage. The plan



proposes specific initiatives and interventions to improve productivity in those target sectors and increase production output. The NIRP also adopts an indirect approach in tandem, thereby acknowledging that it is sometimes difficult to predict where free market forces will lead industry and which sectors will be transformational winners. As such, the NIRP establishes cross cutting interventions that address competitiveness of the entire manufacturing sector in Nigeria (i.e. regardless of sector). These indirect interventions create a broad “Nigerian platform” for manufacturing to thrive, while private capital determines which sectors will grow.

Our vision for Industry in Nigeria, is to make it the dominant job creator and income generator over the next 5 years.

The NIRP will ensure that Nigeria becomes:

- i) The preferred manufacturing hub in West Africa.
- ii) One of the top 2 manufacturing hubs in West Africa.
- ii) The preferred source for supplying low and medium-technology consumer and industrial goods domestically and regionally.

Globally, Nigeria seeks to become a top 10 player in at least 10 key manufacturing categories within the next 5 to 10 years. The national policy aims to promote capacity expansions within existing Nigerian manufacturers, hasten their growth, and also bring in new investors into Nigeria.

1.3 Global Trends in Manufacturing

Manufacturing plays a key role in the global economy. The demand for manufactured goods continues to rise as people around the world enter the global consumer class. The Manufacturing sector currently contributes 17 percent of the world’s US\$ 70 trillion economy, and accounts for over 70 percent of global trade. Research shows that as economies mature, the role of manufacturing evolves and its impact on the economy changes. Poor countries start off by employing the bulk of their population in agriculture, however for these countries to transition into middle income\developed markets, they must create a robust industrial

and services sectors, which are the drivers of mass employment, improved skills, and better wages, providing the foundations for long run sustainable economic growth and advancement.

... the Manufacturing sector contributes 18 percent of the US\$ 70 trillion global economy, and accounts for 70 percent of global trade.

Global Manufacturing output grew by about 2.7 percent in developed countries, and 7.4 percent in emerging economies between 2000 and 2007. China has risen significantly over the last two decades by actively promoting strategies to promote exports and manufacturing. In advanced economies, the manufacturing sector accounts for over 90 percent of R&D spending by the corporate world. This underpins the importance of industrialization on the development of technology.

Increasingly the manufacturing sector drives the creation of service sector jobs. In advanced markets, 30 percent to 55 percent of service jobs are related to the manufacturing sector. This is evidence of the enormous job creation opportunities possible within a viable manufacturing sector.

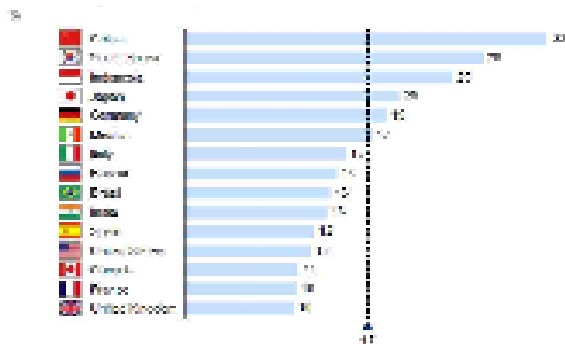
Figure 1: Large developing economies are moving up in global manufacturing.

Top 15 manufacturers by share of global normal manufacturing gross value added





Figure 2 – Manufacturing's share of GDP in the top 15 manufacturing nations ranges from 10 to 33 percent
Manufacturing share of GDP, 2010



Source: United Nations Statistics Division; US Bureau of Economic Analysis (BEA); McKinsey Global Institute Analysis

When evaluating the global manufacturing industry, the key question for Nigeria is where to focus its efforts in building a strong market position.

The NIRP adopts the following guiding principles in promoting Nigeria's industrialization:

- (i) A focus on labour intensive low and medium technology manufacturing
- (ii) Building up core base industries that are essential for other more advanced industries to thrive later
- (iii) Using the large Nigerian market demand to deepen industrial capacity of local firms, as a first step, before going regional and global
- (iv) Strategically using key manufacturing sectors as technology drivers of the economy

1.4 The Current Situation of Manufacturing in Nigeria

Over many years, the Nigerian manufacturing sector has failed to undergo the critical structural transformation necessary for it to play a leading role in economic growth and development. The sector is structurally weak and basic industries such as iron and steel are not fully in place. The technological base for manufacturing is lacking in many sectors. The skilled manpower necessary to guarantee competitiveness in today's dynamic and globalized world is insufficient. Systemic issues of infrastructure, mostly related to power

and transport, have led to escalating costs and non-competitive operations. Consequently, the sector is unable to attract the necessary investment for economic growth and remains a small player in the economy.

In recent years, the sector's share of GDP has remained less than 4 percent, contributions to foreign exchange earnings have been minimal, and the share of employment and government revenue generated have been low.

But, today Nigeria aspires to join the league of developed nations worldwide, this means that the nation cannot continue to depend on export of raw materials and jobs. Emphasis must be placed on adding value to its commodities through the manufacturing sector harnessing Nigeria's sizeable domestic market and abundant resources. These will ensure a steady supply of products that are vital to the nation and the economy as whole. Manufacturing is the core mover of industrialization. Manufacturing plays a unique role because it has strong linkages with all other sectors of the economy and is the fundamental base for the economic health and security of the nation.

Since 2000, Nigeria's economy has grown at an average rate of 8.8 percent per annum, a similar rate to that of other key emerging markets. While the oil and gas sector remains a key pillar of the economy, significant reforms have also led to marked improvements in other non-oil sectors including telecom, financial services and crop production.

Figure 3: Since 2000, Nigeria's economy grew on an average 8.8 percent per annum, which is similar to other emerging markets
Manufacturing share of GDP, 2010

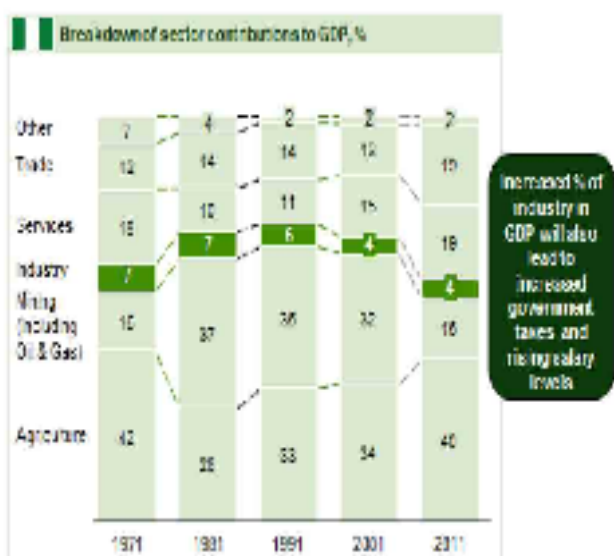


Source: McKinsey, Ministry of Industry, Trade, and Investment



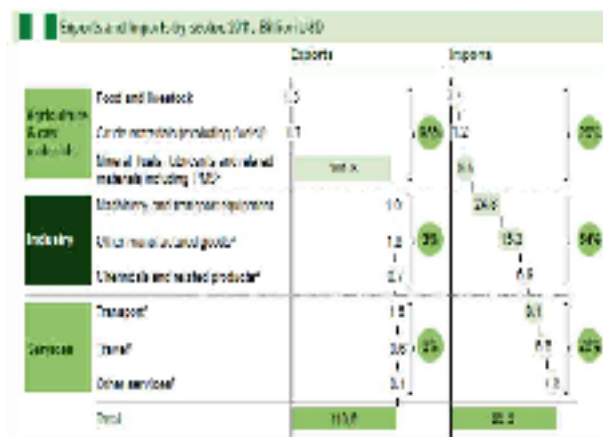
Oil however continues to be the mainstay of the economy, but uncertainties have increased on the future direction of the global upstream oil industry due to recent large hydrocarbon discoveries all over the world – from the United States (shale oil and gas), West Africa (Ghana), East Africa (Mozambique), and Gulf of Mexico.

Figure 4: Nigeria's industry contribution to GDP has declined since the 1970s



Nigeria's limited industrial sector is strikingly evident when considering trade flows. Today, the industrial sector contributes just 3 percent to export revenues but accounts for over 50 percent of imports. The country's trade balance on manufactured items is therefore causing a severe drag on Nigeria's balance of payments. Oil overwhelmingly dominates our trade at over 90 percent of total exports but drives a very small portion of other industrial activities, including refineries.

Figure 5: Nigeria's industrial sector contributes only 3 percent to export revenues but accounts for over 50 percent of the import burden



Source: McKinsey, Ministry of Industry, Trade, and Investment

The Manufacturing Landscape in Nigeria is very broad. However, not all sectors have reached the sufficient level of scale to have a significant impact on national economic activity

Sub-Sectors And Product Categories (Nigerian Manufacturing Today)

(A) Food, Beverages & Tobacco

- Beer
- Starch and other Miscellaneous Food Products
- Flavouring
- Soft Drinks and Carbonated Water
- Flour and Grain Milling
- Meat and fish products
- Tea, Coffee and other Beverages
- Dairy Products
- Fruit Juices
- Tobacco
- Biscuits and Bakery Products
- Animal Feeds
- Poultry
- Sugar
- Distillery and Blending of Spirit
- Cocoa, Chocolate and Sugar Confectionery
- Vegetable & Edible Oil
- Palm Oil and Palm Oil Products
- Rice Processing



(B) Chemical and Pharmaceuticals

- Paints, Vanishes and Allied Products
- Medical and Special Gases
- Soap and Detergent
- Petrochemicals, Plastics
- Agro-Chemicals (Fertilizers and Pesticides)
- Pharmaceutical, Safety Matches, Domestic Insecticide and Aerosol
- Dry Cell Battery, Petroleum Refineries, Gramophone Records and Musical Tapes, Candle, Printing Ink, Toiletries and Cosmetics,
- Ball Point Pen, Basic Industrial Chemicals, Automotive Battery

(C) Basic Metal, Iron and Steel and Fabricated Metal Products

- Steel Pipe
- Metal Packaging
- Foundry
- Metal Manufacturers and Fabricators
- Primary Aluminium Producers
- Enamel Wares
- Welding Electrode
- Galvanised Iron Sheets
- Nail and Wires
- Steel

(D) Non-Metallic Mineral Products

- Glass
- Ceramics
- Asbestos
- School Chalks & Crayons
- Cement

(E) Electrical & Electronics

- Electronics
- Refrigerators & Air conditioning/ Domestic Appliances
- Electric Bulb Lamps , Accessories & Fittings
- Electrical Power Control & Distribution Equipment
- Cable and Wire

(F) Textiles, Wearing Apparel, Carpet, Leather/ Leather Footwear

- Textile & Wearing Apparel
- Leather Products
- Carpet and Rug
- Footwear
- Cordage, Rope and Twine

(G) Pulp , Paper & Paper Products, Printing & Publishing

- Chemical & Stationery
- Printing, Publishing & Packaging
- Pulp, Paper & Paper Products
- Sanitary Towels & Diapers

(H) Motor Vehicle & Miscellaneous Assembly

- Boat/Ship Building
- Automobile Components
- Electric Generators Assemblers
- Miscellaneous Machine & Equipment
- Bicycle
- Motorcycle
- Horology
- Motor Vehicle Assemblers

(I) Domestic and Industrial Plastic & Rubber

- Rubber products
- Domestic and Industrial Plastics Foam Manufacturers

(J) Wood and Wood Products (including Furniture)

- Wood Products and Furniture (Excluding Metal Furniture) Plywood & particle Board



1.5 Analyzing Nigeria's Prior Plans on Industrialization

What can we learn from Nigeria's former plans on Industrialization?

A review of previous development plans spanning the 1950s to 2007 reveals that the same issues that haunt Nigeria's manufacturing sector have lingered on for decades. The NIRP has therefore been developed to address these gaps, by learning from previous failings, as a number of issues were not addressed either in the planning or implementation of prior plans. As early as the 1970's a number of challenges had been identified - such as inadequate infrastructure, shortage of skilled manpower, poor linkage of industrial sub-sectors - especially backward linkages, overdependence on the exports of raw materials, and the basic nature of manufacturing activities.

... the same issues that haunt Nigeria's manufacturing sector have lingered on for decades. The NIRP has been prepared to address those issues.

In the past, Nigeria incorporated its industrial plans within larger national development plans, which may have distracted attention from the core goal of pursuing industrialization. The national development plans addressed issues as diverse as public sector reform, primary education, national image, health care, and electoral reform. Planning for industrialization within those national plans did not allow for focus, and reduced the intensity needed to accelerate Industrial growth within the country. In other nations, Industrialization plans have been carved out in stand-alone strategies, and built to integrate industrial policy, trade policy, and investment policy while all other issues relating to the social or political order were dealt with in other documents and plans. The NIRP is therefore Nigeria's first comprehensive initiative to have a focused, pointed agenda, on just the issue of Industrialization.

A number of themes have emerged on the goals set from past efforts:

Examples of Past Goals:

- Industrialization, reconstruction and trade development through rapid expansion and diversification of industry
- Growing national income from manufacturing, promotion of exports and the raising of the level of intermediate and capital goods production
- Promoting indigenous participation through SMEs and increasing the number of large scale manufacturing outfits
- Provision of infrastructure and establishment of training funds, industrial development centres, industrial estates, products development centres, manufacturing companies etc
- Laying a solid foundation for self-reliant industrial development as key to self-sustaining, dynamic non-inflationary growth by de-emphasizing 'assembly type' industries and successfully implementing strategic basic industries with very high linkage effects

In recognition of several longstanding challenges facing Nigeria, the Federal Government on return to civil rule in 1999 embarked on a series of economic reforms some of which have continued to influence economic performance. The economic reforms became more coherent in 2004 with the launch of the National Economic Empowerment and Development Strategy (NEEDS) which subsequently served as the pivot of the reform agenda.

Various other plans and programmes have also attempted to bring about changes within the Industry including:

- Manufacturers Association of Nigeria (MAN) 4 Year Strategic Plan: The key thrust for MANs 4 year strategy plan is to attain efficient production levels for Nigeria's manufacturing sector to stimulate increased capacity utilization, increased manufacturing sector contribution to GDP, employment



generation, wealth creation and poverty eradication.

- 7 Point Agenda: The 7 Point Agenda planned to put in place policy options and initiatives that would resolve the infrastructural, financial and competitiveness issues facing manufacturers, especially SMEs.

We conclude from the literature review, that prior industrialization plans have not worked for the following reasons:

- (i) Systemic issues affecting competitiveness were never acted upon (e.g. power, local freight costs, investment climate etc). In some cases, such as in Nigeria's old import substitution strategies, protectionist tariffs were over-emphasized without addressing how Nigerian manufacturers could become globally competitive. This led to imported inflation because local manufacturers could still not produce at low-costs despite the protectionist tariffs.
- (ii) Inadequate implementation and governance structures to execute initiatives, even when plans were properly developed.
- (iii) Sectors were not strategically selected to ensure efforts are not dispersed over too many areas.
- (iv) Emphasis wasn't placed on reforming key institutions within Nigeria to drive industrialization and ensure continuity.
- (v) Inadequate synergy across different government MDA's to address cross cutting issues that required more than one Ministry or Government agency's involvement.
- (vi) Lack of co-ordination and continuity between policy and strategy
- (vii) In most cases, there was no clear link between industrial planning, trade policy, and Investment promotions\policy.
- (viii) Absence of robust measurement and feedback mechanisms to ensure the results of specific actions\policies are monitored. These would have enabled decision makers to make policy changes when expected results were not achieved.

The administration of President Goodluck Ebele Jonathan, GCFR, is launching the NIRP to fundamentally transform Nigeria's industrial sector by boldly addressing the structural issues hindering manufacturing in Nigeria, and focusing on achieving tangible results to grow industry and diversify Nigeria's economy and revenue.



Chapter 2: Why Industry in Nigeria

Country Profile



Full name: The Federal Republic of Nigeria

Population: 166.6 million (UN, 2012)

Area: 923,768 sq km (356,669 sq miles)

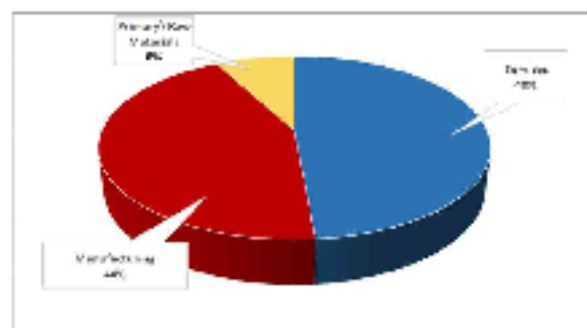
Monetary unit: 1 Nigerian naira = 100 kobo

GDP: US\$ 270 billion

GNI per capita: US \$1,280 (World Bank, 2011)

With a population of 167 million people, Nigeria is the largest country in Africa and accounts for 47 percent of West Africa's population. It has a young population with median age of about 18 years, and is estimated to become the 3rd largest country by 2050. It is also the biggest oil exporter in Africa, with the largest natural gas reserves on the continent. Nigeria has about 44 solid minerals in commercial quantity, and is a leading global player in a number of commodities. With these large reserves of human and natural resources, Nigeria has every reason to build a prosperous economy, significantly reduce poverty, and create wealth. A robust manufacturing sector is critical to achieving these objectives.

Figure 6- Global FDI is typically for Industrialization (i.e. manufacturing/services), and not for raw materials production



Source: UNCTAD, 2012

Countries with robust Industrial and Services Sectors can attract more FDI. Nigeria must be strategic in attracting Investments, and needs to have a broad based Industrial and Services Sector to grow FDI.

Since the advent of President Goodluck Jonathan's administration, the macroeconomy of Nigeria has been strengthened and consolidated. This report, "NIRP Release 1 (January 2014)", is being prepared under unprecedented strength in most national macro indicators. Average GDP growth rates have exceeded 7 percent per year over the last 10 years; non-oil GDP growth averaged 8.5 percent over the last 2 years; Inflation has ranged between 8 percent and 9 percent; Debt to GDP ratio below 20 percent (one of the lowest in the world); a budget deficit of less than 2 percent; and a current account surplus ranging between 8 percent and 10 percent a year. Most factors of the macro environment are therefore currently well suited to drive industrial development.

...Since the advent of President Goodluck Jonathan's administration, the macroeconomy of Nigeria has been strengthened, and consolidated



The NIRP assesses the main strengths, weaknesses, opportunities, and threats of Nigeria, and how these affect industry. It leverages on the strengths and opportunities, and comprehensively addresses the weaknesses and threats.

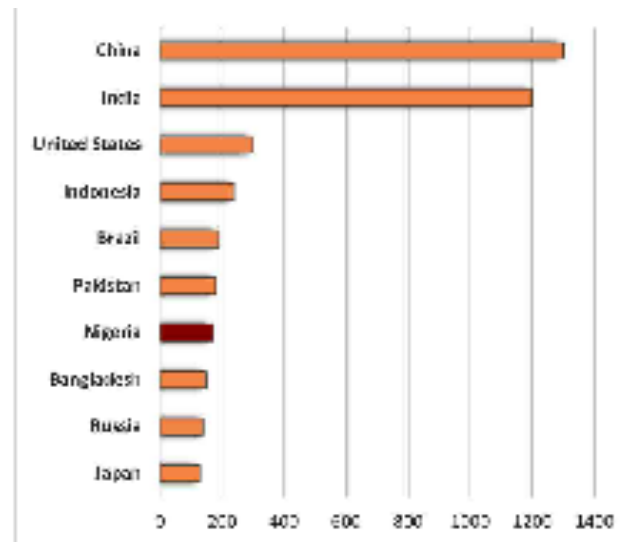
Nigeria's Strengths, Weaknesses, Opportunities, and Threats

2.1 STRENGTHS

- Strength: Abundant Raw Materials** - Nigeria has about 44 solid minerals in commercial quantity. These include iron ore, tin, columbite, lead, zinc, gold, coal, petroleum, and uranium. In addition industrial minerals such as clays, limestone, dolomite, barytes and glass-sand are in vast amounts within the country. Nigeria currently has the 12th largest iron ore reserves in the world, which can provide feedstock to a thriving steel industry. Our gas reserves of 187tcf ranks Nigeria as the 7th largest globally. Nigeria also has oil reserves of about 37 billion barrels, which is the 10th largest in the world. Beyond minerals, Nigeria's agricultural sector can also provide feedstock to feed a robust agro-allied industry. Over 90 percent of Nigeria's total land size of 923 million square kilometers is arable. Significant potential exists in the oil palm (as well as other oil seeds), cocoa, rubber, cotton, sugar cane, maize, rice, fruits, cattle, cassava, amongst many others. Although many of these raw materials are already produced in commercially sufficient quantities, a number of these feedstock/raw materials will still require higher production levels to support the minimum scale levels that will support industry.
- Strength: Large Market**- With a total population of 167 million people, Nigeria ranks as the 7th most populated country in the world. The Nigerian consumer spends over US\$100 billion a year today, and this is expected to rise exponentially as living standards and purchasing power improves. The World Bank forecasts that by 2050, Nigeria would have risen to become the fourth most populated country on the globe. The demographics are also advantageous as majority of Nigerians are youth with median age of 18 years, and 72 percent under the age of 30 years. The

regional Ecowas market of over 300 million people, in which Nigeria has a strong political and economic role, also presents significant opportunities to produce manufactured goods in Nigeria, targeted at those markets.

Figure 7 – Nigeria is the 7th most populous country in the world (million people)



- Strength: Strategic Location (Gulf of Guinea)** - Nigeria is strategically located in the Gulf of Guinea with direct freight access to North America and Europe via the Atlantic Ocean.

Figure 8 – Nigeria is strategically positioned to supply the largest consumer markets in the World



These developed markets (i.e. North America and Europe) have a combined GDP exceeding US\$30 trillion, which is almost half the global economy. Nigeria therefore has a “freight advantage” to supplying the richest markets in the world. Western countries provide the largest concentration of the global consumer class (by



value), and are physically easier to reach from the Gulf of Guinea, and from Nigeria. In addition to the North American and European Markets, Nigeria can also reach Latin America, Ecowas and Central Africa via its strategic location in the Gulf of Guinea and near the middle of Africa.

- **Strength: Abundant Labor** - Nigeria's labor force of over 69 million people is the largest in Africa, and 9th largest in the world. The availability of labor is a critical component of industrial and economic potential, which positions Nigeria as a leading candidate for industrial related investments. The development of requisite skills and worker productivity is however also critical to maximize the benefits of Nigeria's large working population, which will be addressed by the NIRP. Furthermore, compared to other developed and emerging markets, the costs and regulations related to hiring labor in Nigeria are competitive and overall business friendly.
- **Strength: International Political Clout**- Nigeria holds significant political relevance in the region and on the international stage. The country's international policy has typically been characterized by the focus on Africa as a regional power; African unity and independence; Peaceful settlement of disputes; nonalignment; non-intentional interference in the internal affairs of other nations; and regional economic cooperation and development. Nigeria has maintained stability within the Ecowas region, and builds consensus and camaraderie in the broader African Community. The strong regional, continental, and international regard bestowed on Nigeria gives it leverage, which can be used to open new markets and seek bilateral and multilateral partnerships to promote industrial development and access new markets.

2.2 WEAKNESSES

- **Weakness: Infrastructure** - Supply of electric power and transport systems, constitute a major constraint to productivity of manufacturing firms. Manufacturers have had to invest in infrastructural facilities, Currently, the cost of doing business in Nigeria is high

mainly due to these constraining factors. The Manufacturers Association of Nigeria (MAN) estimates manufacturing energy requirements of existing clusters in the country at almost 1,000 MW. Considering that only a few clusters were evaluated in MAN's survey, the actual energy needs of the manufacturing sector are therefore expected to be far in excess of this estimate. The recent reforms by President Goodluck Jonathan's administration will however significantly address the power deficit in the next few years. **As of September 2013, the President's reforms have successfully privatized 4 generating and 11 distribution power assets from the unbundled Power Holding Company of Nigeria (PHCN).** In addition the existing Nigeria Integrated Power Projects (NIPP) plants are being privatized as well, and a significant pipeline of investments into the power sector has been developed. Another major infrastructural constraint relates to transportation, which is the movement of goods through the ports and within the country. High transport costs have led to the situation where most manufacturing is done near the largest cities in Nigeria (specifically Lagos) to avoid bearing the high distribution costs to get goods to market.

- **Weakness: Unaffordable Finance**- Interest rates charged by Nigerian banks are relatively high when lending to the real sector. These lending rates are unsustainable to support meaningful industrial development. Furthermore, the tenures on available credit facilities are typically not provided over long enough maturities. Nigeria is therefore awash with expensive short-term credit facilities, which can support a trading company, but not a manufacturing concern. The causes of high interest rates are multifold including the relatively high inflation rates, high cost of operations in the country, and the level of government borrowing which crowds-out private sector borrowing. The absence of alternative financing vehicles to support companies at different points in their life cycle, further reduces the options that companies have to raise funding.



... Nigeria is therefore awash with expensive short-term credit facilities, which can support a trading company, but not a manufacturing concern.

- **Weakness: Policy inconsistency** – Over the years, there has not been consistency in the application of Nigeria's industrial policies. On many occasions agreed policies are not effectively executed, and in other cases policy executions are not sustained. Industrialists have raised this as a key issue that makes it difficult to plan their investment programmes and commit to large capital expenditure (expansions or green field projects) which require sufficient visibility on government policy.
- **Weakness: Few or no Institutions to drive industrialization** – Other countries have built their industrial sectors using strong government institutions as facilitators. As the drivers of industrialization and the effects of globalization become increasingly complex and intertwined, strong institutions are necessary to enshrine discipline, accelerate growth, and provide some direction for industry to develop. Strong Institutions provide the long-run support needed to ensure policy decisions yield desired results through consistency over long periods.
- **Weakness: Low Industrial Skills and Innovation** - In Nigeria, like most developing countries, there are challenges with respect to skills availability for the industrial sector. Despite the fact that Youth unemployment already poses serious concerns, it is striking that many industrialists are unable to fill vacancies because of a dearth of skills. Over a million Nigerian Youths graduate from various tertiary institutions every year, which provides a huge supply of potential “trainable” talent. If skills of workers do not match needs of the industry, unemployment rises, which has been the situation in Nigeria. Lack of reliable and timely information on

the labor market adds to the rigidity of the market. Often, small firms are financially and technically not capable of providing in-firm skills development in the same way large-scale firms are able. Many Technical and Vocational Education and Training (TVET) are not focused on meeting the needs of industry. Nigeria has decided to address three gaps to meet its industrial skills needs (i) Policy gap - multiplicity of public and private sector players with programmes that do not appropriately reflect the real situations of the labor market or the industry's needs. (ii) Relevance gap - Contents of skills development that do not meet labor market needs or the skills requirement of the industry (e.g. due to obsolete curriculum, old technology etc) (iii) Financing gap - budgetary constraints that make it difficult to allocate more resources to skills development in the public and private sectors.

- **Weakness: Inadequate Metrology and Standards**- Product standards and quality are essential to accessing markets, protecting consumers, and ensuring loyalty of buyers. For many consumers, the “Made in Nigeria” brand gives the perception that a product is automatically without the desired quality. A lot of effort is needed to correct the misperception. Nigerian firms however, also need to improve product and process standards in a number of product areas. For instance standards along the distribution channels in simple areas like product packaging need to be strengthened. Counterfeiting and substandard goods have been a challenge, making it difficult for many manufacturers to safeguard their value-chains and prevent financial leakages. Issues related to low product standards relate not just to locally manufactured products, but also to imported products coming into the country. In addition, existing metrological and measurement standards in Nigeria have not been adequately codified.



- Weakness: Weak competition, and Fair trading**

– Like most developing economies, some industrial sectors have evolved into oligopolies, with just a few companies controlling majority of the market. Judging from history, more developed markets like the United States and European Union have ensured existing players do not erect artificial barriers preventing new entrants. Competition brings new ideas and technologies, and encourages established players to keep improving their operations and products. Today, Nigeria does not have an adequate set of policies, regulations, and laws to control anti-competitive practices in Industry. Capabilities need to be developed in investigating and sanctioning anticompetitive practices such as – price collusion, dumping, exclusive dealing, refusal to deal, dividing territories, and many others.
- Weakness: Tariff Regime-** Over many years Nigeria’s tariff regime has evolved through a mix of periodic tariff reviews, unexpected reactions to specific market incidents, and other factors. Tariffs are a trade mechanism that need to be driven by an industrial strategy; the existing tariff regime does not have a coherent industrialization agenda driving how duties are set. As such, tariffs today do not reflect an Industrial policy. Nigeria’s location beside less industrialized neighbors also poses unique challenges, due to trade diversion and smuggling. Neighboring countries have typically set their tariffs low, which has led to their ports being patronized for imports, only for those goods to be smuggled into Nigeria. This situation has historically reduced our ability to adequately protect certain sectors through tariffs. In addition, the upcoming Common External Tariffs (CET) planned within Ecowas countries must be properly calibrated to ensure the common tariff regime considers the different levels of Industrialization in West Africa, and is used as a tool to industrialize the Ecowas sub-region.
- Weakness: Consumer Purchasing Power-** Low purchasing power reduces the effective demand in the Nigerian market. A large segment of the Nigerian 167 million strong population need more income to buy more manufactured products (both raw and processed). The relatively low purchasing power means more Nigerians still spend a disproportionate amount of their income on food products . The official Consumer Pricing Index (CPI) measured by the National Bureau of Statistics (NBS) currently estimates that 52 percent of the average household's consumption basket is constituted of Foods and Non-Alcoholic Beverages (these typically dominate the CPI basket when income is low). The NIRP’s expansion of the manufacturing sector is therefore key to creating jobs, increasing wages, and ultimately leading to higher purchasing power. Likewise, tighter government monetary and fiscal policies will reign in inflation and keep living costs under control, which can also enhance purchasing power.
- Weakness: Low Patronage of ‘Made in Nigeria’ goods-** “Made in Nigeria goods” are not patronized enough by both the private sector and public sector (i.e. all tiers of governments Federal, State, and Local). Existing government laws and policies on leveraging public procurement to drive industry will need to be enforced. Everywhere in the world, public procurement is strategically used to promote industrialization in select sectors (e.g. U.S defense spending in the aeronautic industry; European Union spending on Alternative Energy and Agribusiness). The Nigerian government must leverage its public sector spending to encourage local industry, while also ensuring the country complies with its international trade obligations. In addition, the private sector should be encouraged to support local production by buying locally produced goods where possible.



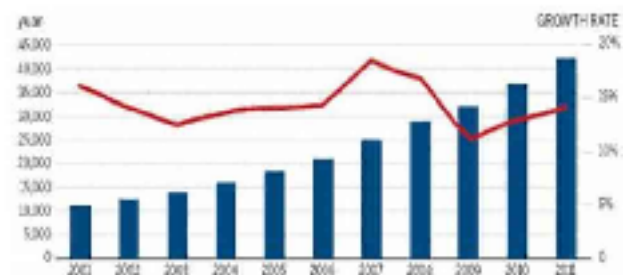
2.3 OPPORTUNITIES

- Opportunities: Potential to be #1 in Africa (and top 10 globally in many industrial sectors)-** With the right framework in place, Nigeria aims to become the number 1 industrialized nation in Africa, and be positioned within the top 10 globally in a number of product categories. We have comparative advantage in areas many other countries do not possess.
- Opportunities: Build up labor intensive sectors-** With unemployment rates hovering around 21 percent, (and underemployment possibly higher) an industrialization strategy will ensure that Nigeria builds up sectors that will generate employment. The available unengaged workforce can serve as a strong pool of labor to drive the next 5 to 10 years of industrialization in Nigeria. The NIRP strategically picks many sectors that are labor intensive. These sectors will employ a large number of people within the whole value chain of the various sectors. We can turn our quantity advantage to productive advantage, driven by a relatively young population (median age 18 years), which can be trained with new skills.
- Opportunities: Produce locally for domestic consumer market –** A strong industrial sector will provide a base to serve Nigeria’s large and growing consumer market. Nigeria spends well over US\$30 billion annually importing various manufactured goods (over 50 percent of the import bill); a robust local industry will ensure domestication of a large segment of these products. The Nigerian manufacturers can build sufficient scale first by meeting local needs, and thereby conserving our national foreign exchange in the process.
- Opportunities: Become the Manufacturing hub for Ecowas and Africa –**A sound industrialization framework will see Nigeria becoming a manufacturing hub for West Africa, Central Africa, and the rest of Africa. Nigeria already has over 50 percent of the installed manufacturing capacity within the Ecowas

region, which can be further expanded based on existing capabilities. Nigeria can also be the catalyst for industrialization across the entire Ecowas region, and transform West Africa as a whole into a global Industrial platform. As the local environment becomes conducive for international manufacturing concerns they will choose to locate their firms in Nigeria (and larger West Africa) while using these to serve other African countries.

- Opportunities: Attract investments from East Asia, where labor costs have begun to rise –** Nigeria also has the unique opportunity to benefit from rising production costs in China and some of the other East Asian Nations reputed as manufacturing hubs for multinationals.

Figure 9 – Average Labor Costs in China have been rising over the last decade



As China moves into higher technology products, which require higher skilled better paid workers, we have witnessed manufacturing plants in low and medium technology areas moving out of China, into Thailand and Vietnam, as a result of rising wages in China. Nigeria also stands in line to benefit from this shift because of our large workforce and access to strategic markets. NIRP is implementing the right framework and incentives to target such industries.

- Opportunities: Diversify Exports –** Currently, oil and gas related exports account for over 90 percent of Nigeria’s export. Industrialization is a sure way to diversify our exports and subsequently our foreign exchange sources. Nigeria’s vast oil and gas reserves actually provide the energy and feedstock needed to enable rapid diversification of Nigeria’s exports. Energy is needed to provide power needed in manufacturing plants, and drive



energy intensive processes; while the feedstock can be used to grow industrial areas like Fertilizers, Petrochemicals, Methanol, and others. Essentially, Nigeria can use its oil, to diversify itself away from oil. Through a rapid industrialization programme, Nigeria can become less vulnerable to international oil prices, which we have little control over. Whereas, Nigeria can build up its manufacturing sector, on which it will have more control on products made, markets to target, and technologies to pursue.

... Nigeria can use its oil, to diversify itself away from oil.

2.4 THREATS

- Threats: Recent large oil and gas discoveries globally**
 - Recent discoveries of shale oil and gas globally has led to the prediction by some analysts of a possible fall in the price of crude oil over the medium to long term. For instance such a fall has been observed in United States natural gas prices which are today 70 percent to 80 percent lower than they were in the 2006-2008, since the discovery of large shale gas reserves in the country. It is likely that this will eventually put downward pressure on international gas prices, and at some point also have an effect on international crude oil prices. This may result in a reduction in the contribution of the oil and gas sector to the Nigerian economy, and to the revenues of the Government. Hence, Nigeria needs to urgently diversify its economy, and sources of foreign exchange, through industrialization.

Figure 10- Top countries with technically recoverable shale oil resources

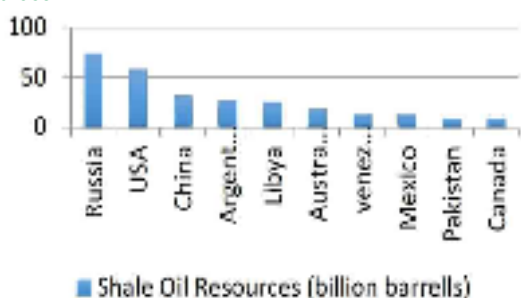
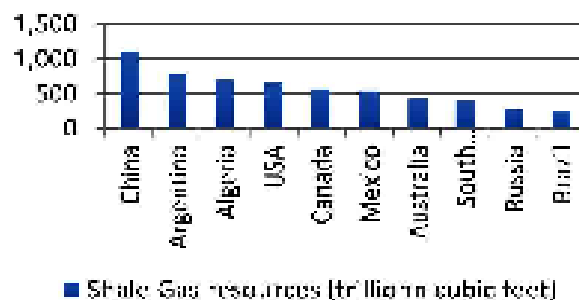


Figure 11- Top countries with technically recoverable shale gas resources



- Threats: Increased Competition on Industrialization**
 - The entrance of newly industrialized countries such as Mexico, Indonesia, South Africa, Malaysia etc has led to increased competition for capital and site locations for industries. Although the increasing cost of labour in China has led to a new race for industrial locations, Nigeria will have to react quickly or risk being overtaken by a new generation of industrializing nations.
- Threats: Trends in Trade policies**
 - Current trends in regional and international trade policies are creating new dynamics in how emerging economies will develop. Increased openness in the global economy is inevitable, and well industrialized countries are better positioned to take advantage of increased access to new markets. Industries that have not achieved reasonable levels of scale within emerging markets may not survive, because they have not grown large enough scale to become competitive. Hence if Nigeria does not industrialize now it becomes more difficult to do so later, because global market rules continue to trend towards less market protection. Examples of impending global and regional trends that require Nigeria's rapid industrialization include the Common External Tariff (CET), Free Trade Agreements (FTA), Economic Partnership Agreements (EPA), Preferential Trading Agreements (PTA), and others.

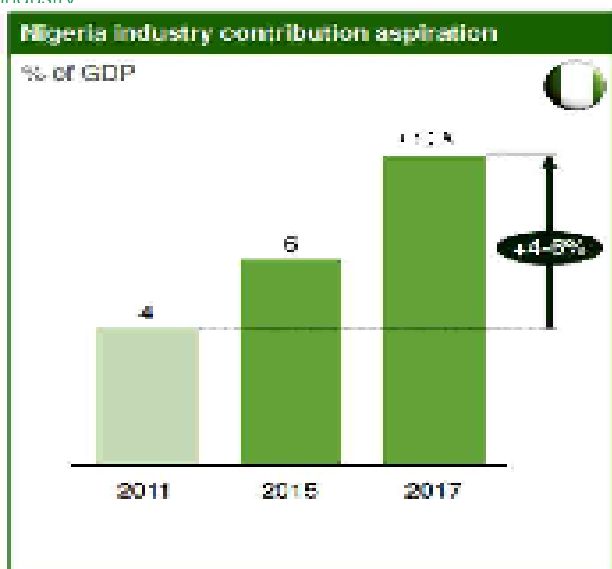


Chapter 3: The Nigeria Industrial Revolution Plan (NIRP)

3.1 Goals and Objectives

The Nigeria Industrial Revolution Plan (NIRP) is designed as a 5 year plan to accelerate the build-up of industrial capacity within Nigeria. The plan aims to increase manufacturing's contribution to GDP from 4 percent today, to 6 percent by 2015, and finally above 10 percent by 2017. The Nigeria Industrial Revolution Plan is based on the desire to drive a process of intense industrialization, based on sectors where Nigeria has comparative advantage - such as the agro allied sectors; metals & solid minerals related sectors; oil & gas related industries; as well as construction, light manufacturing and services.

Figure 12 – Aspirations for economic contribution of Nigerian industry



The NIRP is expected to drive the following outcomes:

- (i) Job Creation
- (ii) Economic and Revenue Diversification
- (iii) Import Substitution
- (iv) Export Diversification
- (v) Broadened government tax base

3.2 Why is the NIRP Different?

The Nigeria Industrial Revolution Plan (NIRP), developed by the Federal Ministry of Industry, Trade, and Investment (MITI) is our nation's first strategic, comprehensive, and integrated roadmap to industrialization. The plan focuses on developing sectors, where Nigeria has a natural comparative advantage, and ensuring that industry in general becomes competitive.

The NIRP is unique because:

- (i) **It is Strategic** - The NIRP has identified industry groups where Nigeria has global and regional comparative advantage. These groups are expected to serve as “anchor sectors” to drive Nigeria’s industrialization. The industry groups identified are agribusiness\agro allied sectors; solid minerals & metals; oil & gas related manufacturing; and construction, light manufacturing, and services.
- (ii) **It is Holistic**- The NIRP uses a coherent and comprehensive framework in assessing the needs of the industrial sector. This framework emphasizes putting in place supporting structures and enablers to make industry successful and competitive

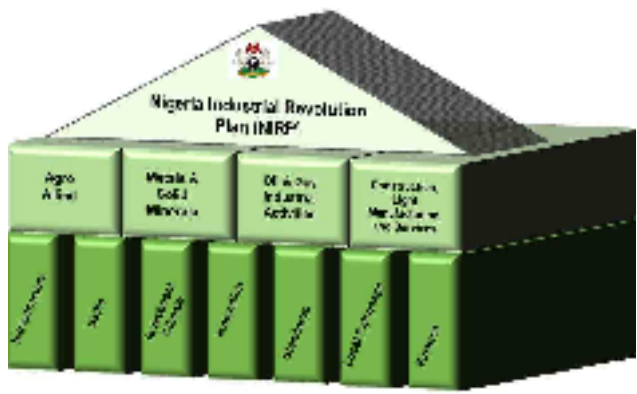


- NIRP Goals:** are focused on Economic development
- NIRP Industrial Sectors:** are where Nigeria has comparative advantage
- NIRP Enablers:** are to increase competitiveness

in Nigeria. In addition, the NIRP framework adopts the ‘Cluster approach’ to ensure all requirements for an industry to succeed are considered. The elements of each industry’s “Cluster” are the group of interconnected firms, suppliers, demand drivers, market channels, related industries, government agencies, underlying infrastructure, policies, and conditions to make each industry successful.

(iii) **It is Integrated** - The NIRP facilitates links to related policies and other development plans within Nigeria. Firstly, the NIRP ensures that Nigeria’s Industrial Policy is linked with Nigeria’s Trade Policy; a link which has been lacking for decades. Secondly, the NIRP integrates with all other Ministerial plans of the Federal Government, including but not limited to, the Gas Master Plan, the Infrastructure Master Plan, the Agriculture Transformation Agenda, The National Aviation Strategy, the Mining Strategy, the Science & Technology Plan, and the Transportation Strategy. The fundamental nature of industry is that it pulls together multiple aspects of a nation’s resources, which the NIRP has recognized and built into its execution model.

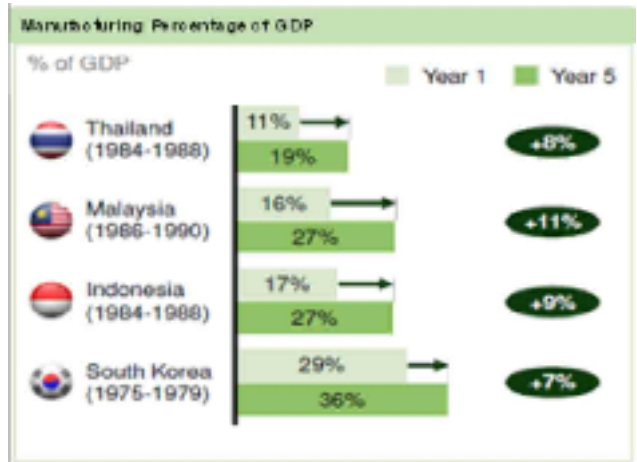
(iv) **It is Execution Focused** - The NIRP defines clear goals, sets accountabilities, and identifies quick-wins for immediate implementation. The key priority of this plan, is to execute initiatives. The NIRP operating model is therefore to develop early ideas\ thesis, and commence execution. Prior industrialization plans in Nigeria have failed because they were not accompanied with adequate implementation and governance structures. The NIRP incorporates the regular measurement of results into its work programme, to ensure that decision makers are able to evaluate results of policy choices, and decide when to modify or continue with recommendations.



(v) **It Builds Institutions** - At the very heart of the NIRP is the drive to develop strong institutions to sustain industrialization in the medium to long term. Industrialization requires transparency and continuity which well-resourced institutions have typically provided in developed and emerging markets. Institutional development can also not be done selectively and must be done broadly as the weakest-link in the “institutional chain” is enough to drag down the overall effort of others. NIRP will therefore involve reform of some major industry linked institutions in Nigeria.

Most developed and emerging countries have, at some stage, gone through a phase of industrialization. For example, countries like Thailand, Malaysia, Indonesia, and South Korea, have all, at different points in time, increased industry’s contribution to GDP by 6-11percent in a period of only five years, by making bold commitments

Figure 14– Rapid industrialization in select countries



Source: McKinsey; Ministry of Industry, Trade, and Investment



The NIRP has been developed by learning from a number of experiences:

Learnings from China

In the 1960's about 60 percent of China's labour force were involved in agriculture, but this has fallen to 35 percent today. China has transformed from a traditional agricultural society to a modern industrialized nation, this has created jobs, wealth, and strengthened its economy through this. China embarked on a structured process to ensure that the level of industrial output increased substantially, while the proportion of agricultural output to overall output declined over time.

China's factory outputs extend from textiles to railway locomotives, jet planes, and computers. China is the largest producer of inexpensive cotton textiles in the world and exports large quantities of textiles and garments. Other industrial products include television sets, bicycles, cars, trucks, and washing machines. Over time, China has become an industrialized nation through a coordinated plan set in motion during the 1960's under the leadership of Premier Zhou Enlai. The major goals of their plan were to expand exports rapidly; overcome key deficiencies in transportation, communications, coal, iron, steel, building materials, and electric power; and redress the imbalance between light and heavy industry by increasing the growth rate of light industry and reducing investment in heavy industry.

Some key elements of China's path to Industrialization:

- 1) **Special Economic Zones (ie. Industrial Cities)** - A major thrust of the plan came to light in 1984, when the 14 largest coastal cities were designated as economic development zones, including [Dalian](#), [Tianjin](#), [Shanghai](#), and [Guangzhou](#), all of which were major commercial and industrial centers. These were provided with requisite infrastructure and incentives to promote industrialization.
- 2) **Export Oriented Private Investments** – China actively sought out new markets and

investors which could manufacture in China specifically for foreign consumption

- 3) **Investment Promotion** – China attracted the largest and most credible industrial companies to produce specific components within the country.
- 4) **Monetary and Fiscal Instruments** – The Chinese used the currency (Yuan) strategically to make China's exports cheap and imports expensive.
- 5) **Targeting Specific Parts of Global Value-Chains** – The Chinese path to industrialization was to build strong footholds in pieces of global value-chains of multinationals, and gradually expand capacity over time.
- 6) **A Mixed Approach to Market Structure** – China has successfully adopted mixed strategies to industrial promotion, market regulations, and economic development. **It built up its industrial sector based on practical needs and was not dogmatic on predefined economic ideology or philosophy.** Today in China, the State plays a strong role in mobilizing capital and intensifying industrial efforts in some sectors (and even running some firms), while the private sector is also free to operate sufficiently in many others.

Learnings from Brazil

Brazil's economic growth in the post-World War II was largely a result of rapid expansion of industry. The average growth of industrial output between 1945 and 1979 reached 8.8 percent annum. The magnitude of structural change in the post-war years can be seen, firstly, by the share of the industrial sector in the Gross Domestic Product (GDP), which grew from 24.1 percent in 1950 to 40.9 percent in 1980 – whereas agriculture declined from 24.3 percent in 1950 to 10.1 percent in 1980.

Brazilian Development Phases:

- 1) First Period (1950-1980): Fast growth period; 30 year import substitution
- 2) Second period (1981 – 2003): Slow growth period
- 3) Third period (2004-2008, 2010): the Fast Growth Period



Rapid industrial growth and structural change in Brazil were stimulated by a diversified mix of economic policies, which included multiple exchange rates, quantitative import restrictions, direct foreign exchange controls, tariffs, fiscal and credit subsidies.

This rapid socioeconomic transformation can be illustrated with a few numbers. The total population of Brazil grew from 17.4 million in 1900 to 186.8 million in 2007 and was expected to pass the 200 million mark in 2012. In 1940, only 30 percent of the country's population was urban; this proportion increased to 56 percent by 1970 and to 85 percent by 2006. In 2005, after more than five decades of industrialization, Brazil was producing 2.4 million motor vehicles, 33 million tons of steel, 34.4 million tons of cement, 5.9 million television sets, 23.3 cellular phones, and 4.8 million refrigerators yearly. The country's paved road network increased from 36,000 kilometers in 1960 to about 190,000 kilometers in 2006. Brazil had 90,700 megawatts of installed electric power capacity in 2004, and over 60 percent of its exports consisted of industrial products. Since the mid- 1990s Brazil's EMBRAER has become the world's fourth largest aircraft manufacturer, specializing in regional jets. Between 1996 and 2005 EMBRAER delivered 710 regional jets around the world and is expected to deliver 145 and 150 planes in 2006 and 2007, respectively.

Some key elements of Brazil's path to Industrialization:

- 1) **Financing** - Cost of borrowing in Brazil has historically been quite high. The development bank of Brazil BNDES has therefore played a crucial role in the accessing of finance by the Brazilian industries. BNDES is now bigger than the World Bank in assets and disbursements.
- 2) **Industrial Skills and Innovation** – Brazil invested heavily in industrial skills, and today has one of the leading technical education schemes in the Brazilian National Industrial Apprenticeship Service (SENAI). Every

year about 2.5 million Brazilians enroll for various technical programs in SENAI.

- 3) **Local Patronage** – The Brazilian government has historically enacted some of the strongest policies on local patronage of “Made in Brazil” goods and services.
- 4) **A major focus on local demand** – While China's industrialization has been driven by exports; Brazil's industrialization was driven by its strong domestic market and consumption.
- 5) **Strategic protection** – The Brazilian policy has protected strategic industrial sectors when needed, to provide sufficient time to increase scale.

The examples of China and Brazil show that every country must develop its own unique recipe to industrialization. There is no single package, and no standard solution -- each country must find its own way. The NIRP is therefore Nigeria's unique view on its path to Industrialization – We have only evaluated other countries to develop global context, but have defined NIRP strategies based on the peculiarities within Nigeria.

3.3 NIRP Sectoral Priorities

The NIRP has evaluated areas where Nigeria has some level of regional or international comparative advantage. The criteria used for selecting the focus sector groups are:

- (i) Existing Skills and Installed Capacity
- (ii) Natural Endowments
- (iii) Competitive Cost Base
- (iv) Labor Intensity
- (v) Potential for linkages with other industries
- (vi) Local and regional demand
- (vii) Ability to export to developed markets

In addition all sectors have also been evaluated based on their potential for economic impact, job creation, and opening up of new non-oil export markets for Nigeria.



The NIRP will develop four industry groups where Nigeria already possesses a clear comparative advantage. These strategic sectors have been selected because they are ready for accelerated ramp-up in capacity. Each of these industry groups have also been detailed out into specific subsectors for NIRP's planning and execution.



Agribusiness & Agro Allied: Agribusiness & Agro Allied: Nigeria's rich agricultural ecosystem offers significant potential to increase production and growth. The NIRP's aim here is to maximize the benefits from the country's agricultural resources, build an end-to-end integrated agro value chain, boost local production to meet local demand, and reduce the country's reliance on imports of processed food products. The NIRP is focused on mid-stream and downstream processing and market activities, and therefore integrates with the Nigeria Agriculture Transformation agenda (ATA) which increases agro-output to feed industry and the NIRP. The subsectors in focus are:

- Food processing (specifically beverages, packaged food products)
- Sugar
- Palm oil processing
- Cocoa processing
- Leather and Leather Products
- Rubber Products
- Textiles and Garments



Solid minerals & Metals: Solid minerals & Metals: Massive untapped raw reserves, notably iron ore, can enhance industrial output. The NIRP proposes to create a strong industry that can tap into the mining sector (initially focusing on the iron ore value-chain) and build a competitive advantage around high value high-volume products further down the value-chain (e.g. automotive). The NIRP will create an enabling environment targeting large scale investors, in order to institutionalize world-class production standards in the country. The subsectors in focus are:

- Cement
- Basic Steel
- Aluminum
- Chemicals
- Auto Assembly



Oil and Gas related Industry: Oil and Gas related Industry: Significant hydrocarbon reserves provide the foundation for Nigeria to build competitive oil and gas driven industries (similar to what obtains in Saudi Arabia).



Specifically, Nigeria could use its cheap and abundant gas to revitalize industry, encourage high value-adding downstream investments, and build institutional industrial strengths within the country. The subsectors in focus are:

- Petrochemicals
- Fertilizers
- Methanol
- Plastics
- Refineries (with Oil & Gas Ministry)



Construction, Light Manufacturing, and Services:

Significant opportunities exist in the local market driven by Nigeria's large consumer population, business demands, and infrastructure needs. The existing population and stage of economic development in Nigeria presents unique opportunities. The subsectors in focus are:

- Housing (i.e. supply side\construction)
- Light Manufacturing (consumer and home goods)
- Services

3.4 Support Structures and Enablers

The NIRP will also intervene in broader areas hindering competitiveness of the entire Nigerian manufacturing sector. These will serve as enablers to unleash productivity across board, by reducing (or removing) structural impediments to Nigeria's industrialization. The NIRP realizes that a number of barriers to productivity in Nigeria are systemic, and may therefore require wholesale national reform beyond the immediate needs of the manufacturing sector. However,

while appreciating the systemic nature of a few barriers, the NIRP proposes actions that can provide pin-point reform to address the immediate needs of industry in the near to medium term, while at the same time highlighting the longer term systemic reforms that must also take place.

... These will serve as enablers to unleash productivity, by reducing (or removing) structural impediments to Nigeria's industrialization.

The NIRP identifies 7 supporting structures or enablers:

- (1) **Infrastructure** – Specific emphasis is placed on the availability of power and transportation infrastructure. The NIRP will facilitate the development of Industrial Cities, Industrial Parks, and Industrial Clusters, while focusing on making hard infrastructure available within these industrial zones (e.g captive power plants). In addition, the Ministry of Industry, Trade, and Investment (MITI) will work with the Ministry of Power and the new Distribution Companies (Discos) to identify existing manufacturing hubs in each State of the Federation, and agree on mechanisms for appropriate power dispatch as Nigeria's generating capacity increases. Alternative power sources will be promoted for industrial zones, specifically those in the Northern parts of the country. To address the issue of high domestic freight and in-bound logistics costs in the country, new mid-sized industrial clusters will be promoted around the vicinity of existing ports in Port Harcourt, Calabar, and Akwa Ibom; and also along major transport corridors in Kano, Niger, Abuja, and Jigawa. Specialized processing clusters will also be setup in all 36 States of the Federation working with the Nigeria Enterprise Development Programme (NEDEP). MITI will work with the Ministry of Transport on strategic rail lines linking major industrial hubs with key markets. An Industrial development agency will be assigned to promote the development of industrial



infrastructure (i.e. Industrial Cities, Industrial Parks, and Industrial Clusters), and liaising with other Ministries and MDAs to facilitate resuscitation of strategic infrastructure critical to industry (refer to Section on ‘NIRP Enabler: Infrastructure’ for more information).

(2) **Skills** – NIRP will focus on technical and vocational skills development, and more importantly matching skills acquisition to industry needs, so people get jobs. The NIRP will use a bottom-up approach working with the private sector in each State to determine industrial skills needs and ensure skills interventions are relevant to what the industry requires. Industrial skills councils will be created within each state of the federal republic, constituted of (i) the largest industrialists in each state, (ii) relevant public sector agencies, and (iii) development institutions. Skills councils will evaluate skills needed on a subnational (i.e. State level) and report to a single National Council on Industrial Skills development. Providing training without the opportunity (or jobs) to practice, makes skills acquired obsolete. Beyond skills acquisition, opportunities must therefore be created to gain experience. NIRP will therefore leverage technology to consolidate information on trainees, to reduce search costs for industrialists who are looking for specific technical skillsets. The Industrial Training Fund (ITF) will be reformed to be more relevant in developing industrial skill needs. Its curriculum will be streamlined to focus on fewer areas, with increased depth, and build up its capacity in creating links to available jobs and internships. The use of Private sector skills development centers, under government sponsored programmes, will be actively promoted by NIRP (refer to Section on ‘NIRP Enabler: Skills’ for more information).

... Skills councils will evaluate skills needed on a subnational (i.e. State level) and report to a single National Council on Industrial Skills development.

(3) **Innovation** – Nigeria’s industrial innovation strategy will involve (i) developing the capacity to replicate proven widely-available Industrial technologies and processes, and (ii) extending frontiers by adapting technologies to meet Nigeria’s peculiar requirements. The NIRP adopts the Triple Helix Model to integrate Nigerian academia, Nigerian industry, and the Nigerian government. Specific departments in key academic institutions will be mapped to industrialists. Nigerian knowledge networks will be setup in key disciplines, made up of experts who will serve as thought leaders in key technologies important to industry. Science parks and innovations hubs will also be promoted within and outside academic institutions. Annual innovation milestones will be agreed for each sector, with incentives used to reward companies that achieve it. Improvement of intellectual property enforcement procedures to protect knowledge assets. NIRP will also promote a robust set of laws and policies to encourage formal venture capital funds (Refer to Section on ‘NIRP Enabler: Innovation’ for more information).

Figure 15 - Global Innovation Index rankings (141 countries)

Ranking	Country	Score (0-100)
1	Switzerland	68.7
2	Sweden	64.8
3	Singapore	63.5
4	Finland	61.8
5	United Kingdom	61.2
6	Netherlands	60.5
7	Denmark	59.9
8	Hong Kong (China)	58.7
9	Ireland	58.7
10	United States of America	57.7
49	Mauritius	39.2
64	South Africa	37.4
73	Namibia	34.7
85	Botswana	31.4
92	Ghana	29.0
95	Kenya	28.9
123	Nigeria	24.6

(4) **Investment Climate** – NIRP will roll out programmes to improve the investment climate in Nigeria. Investment climate pertains to the ease, time, and predictability



of operating a business in the country. The Doing Business Technical committee and Investment care committee (at the NIPC) have been setup to facilitate regulatory and procedural reforms for the business environment. In addition, the National Competitiveness Council of Nigeria (NCCN), has been created to provide a private sector platform for promoting initiatives to improve national productivity and competitiveness. NIRP has also initiated a national investment policy review with the Organization for Economic Cooperation and Development (OECD). The OECD review is a gap analysis of Nigeria’s practices in Investment Policy, Investment Promotion and Facilitation, Trade policy, Competition Policy, and Corporate Governance. A complete review of laws and regulations hindering investments is also ongoing with the U.K’s Department for International Development (DFID). Activities on investment climate will be guided by indicators within the World Bank Doing business survey (our primary benchmark) and the World Economic Forum Competitiveness Indicators.

will come from the real companies and people in Nigeria who do business, and the ability to improve their operations, make their lives better, enshrine more confidence, and provide conditions that help them grow their businesses.

The NIRP will use the World Bank “Ease of Doing Business” indicators as its primary benchmark in planning interventions for the Investment Climate reform. The NIRP will only use the World Economic Forum “Competitiveness” indicators as a reference benchmark, and will provide inputs and recommendations to other government agencies in Nigeria who may be driving systemic reforms in those areas (refer to Section on ‘NIRP Enabler: Investment Climate’ for more information).

- (5) **Standards** – Having strong product and process standards are essential to promoting Nigerian exports and providing confidence to domestic consumers. NIRP will facilitate the development and implementation of a National Quality Policy (NQP) to, amongst other things, achieve the following (i) establish an appropriate framework for development and publication of national standards (ii) expand the use of accreditations in regulation (iii) establish conformity assessments service providers in public and private sector (iv) provide a national quality promotion strategy. NIRP will also initiate the harmonization of standards in key industries to ensure that Nigerian service providers are not inadvertently prevented from operating in key sectors (e.g. oil and gas). The Legal Meteorology capacity within the Standards organization of Nigeria (SON) will be enhanced to provide stronger support for measurements of quantities, volumes, and other metric units. Private sector laboratories will be encouraged to set-up independent testing sites recognized by SON. As part of initiatives under the NIRP, Nigeria is already working with the European Union and UNIDO on a broad intervention to enhance standards within the country. To strategically promote non-oil exports

Figure 16 – Two international benchmarks on National Investment Climate and Competitiveness

NIRP Primary Benchmark	NIRP Reference Benchmark
World Bank <i>Indicators:</i> (1) Starting a business (2) Dealing with Construction Permits (3) Getting electricity (4) Registering Property (5) Getting Credit (6) Protecting Investors (7) Paying Taxes (8) Trading across borders (9) Enforcing Contracts (10) Resolving insolvency	World Economic Forum <i>Indicators:</i> [1] Institutions [2] Infrastructure [3] Macroeconomic environment [4] Health and primary education [5] Higher education and training [6] Goods market efficiency [7] Labor market efficiency [8] Financial Market development [9] Technological readiness [10] Market Size [11] Business Sophistication [12] Innovation

It should be noted that these international benchmarks only serve as broad outlines to organize our investment climate reforms; they cannot serve as the sole source to validate the NIRP’s efforts. The true measure of success



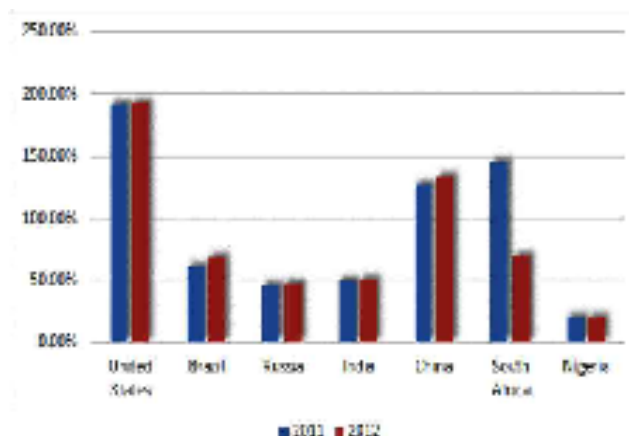
SON will also partner with Standards organizations of 10 target foreign countries. The partnerships will ensure accreditations and certifications in Nigeria for priority products will not need recertification again at the ports of the target markets (refer to Section on 'NIRP Enabler: Standards' for more information).

(6) **Local Patronage** – Most developed and emerging markets have used varying degrees of local patronage regulations and/or practices to encourage utilization of their domestic industrial capacity. Nigeria will encourage local patronage, while respecting all its international commitments (such as those with the World Trade Organization), or any bilateral agreements. The two pillars of local patronage will be (i) leveraging public procurement of local goods (ii) facilitating private procurement of local goods. NIRP will create a local patronage monitoring unit within MITI to report on the level of compliance of local procurement provisions which are already provided for in the Nigerian Procurement Act. NIRP will also establish an Industrial Participation Programme, which will provide support to other Ministries and MDAs on their major projects above a certain threshold. The Industrial Participation Programme will work with MDAs to plan ahead, find, and scale up local industrialists in readiness for large projects. NIRP will also expand MITI's "Buy Naija" Campaign to target large corporates and the general consumer public on the need to patronize locally made goods for industrial development (refer to Section on 'NIRP Enabler: Local Patronage' for more information).

(7) **Financing** – The terms on credit facilities in Nigeria are not well suited for industrial development. Available loans have high interest rates, and available tenures are short. As a result, Nigeria's credit to the private sector as a percentage of GDP is ~20 percent, as compared with 190 percent in the United States, 130 percent

in China, and 70 percent in South Africa. Furthermore, not all parts of the Nigerian Financing Value-Chain are well developed, leading to inadequate supply of capital to meet corporate needs at key points in their lifecycle. The Financing Value-Chain includes - Venture Capital, Private Equity (growth equity), Short Term Credit Lines, Long Term Debt, Private Equity (late stage), Public Equity (stock exchanges), Public Debt (fixed income markets), and Mergers & Acquisitions. The NIRP will adopt multiple initiatives to intervene across the entire value-chain, and will facilitate decisions to bring borrowing costs down including structural drivers (e.g. monetary and fiscal policy) and specific channel drivers (e.g. credit risk perceptions). The Bank of industry will be repositioned to provide new products which leverage its balance sheet through other commercial banks, by using more unfunded credit arrangements. Bank of Industry will also be funded with additional debt and equity to shore up its asset base.

Figure 17 - Domestic credit to private sector (% of GDP)



The NIRP will facilitate the creation of an Industrialization Funding Vehicle/Company to mobilize private and public capital into milestone projects in the industrial sector. This will be along the same lines as Khazanah Fund (in Malaysia), and Mubadala Development Company (in UAE). The role of the vehicle is to actively diversify the Nigerian economy, through industry. NIRP will review the legal and regulatory framework of the Private Equity and Venture Capital Industry in Nigeria, and facilitate reforms to strengthen and unleash these providers of risk capital.



3.5 Information, Measurement, and Feedback

Information and data in Nigeria are not readily available to industrialists and public sector decision makers. Industrialists need market information and analytics to plan investments and effectively run their firms; while public sector decision makers need reliable and timely data to understand the conditions of industrial production, and make prompt policy changes if needed. The NIRP will develop robust research and measurement capabilities to generate industrial information, develop analytics, and report to decision makers. Key national industrial indices will be developed to monitor the pulse of industrial performance.

NIRP will pursue the following initiatives:

- (1) **Resource mapping** - Detailed resource maps will be completed for each of the NIRP priority sectors. This will detail out the available installed plants, locations of raw materials, and demand centers.
- (2) **Supplier and Skills Searches**- NIRP will develop information infrastructure to facilitate the search for companies and people with specific capabilities in the industrial sector.
- (3) **Industrial Performance Indices** –NIRP will work with relevant agencies (such as Nigerian Bureau of Statistics - NBS) to develop a set of indices to track the performance of industrialists on a more frequent basis.
- (4) **NIRP Outcomes Measurement** – A set of metrics will be used to track industrial improvements during the NIRP implementation period. These metrics are expected to be transitioned into longer term indices (managed by MITI) at the end of the NIRP execution period.

Figure 18 - NIRP performance metrics during programme

S/N	Metric	Description
1	Corporate Financials (Revenues)	NIRP will track corporate revenues of the top 30 local companies in each sector
2	Plant Capacity Utilizations	NIRP will track and report the plant utilization levels of the top 30 local companies in each Sector
3	Expansion Plans (Brownfield Projects)	NIRP will track major expansion plans of the top 30 local companies in each sector
4	New Investments (Greenfield Projects)	NIRP will track major new investments and announcements in each sector
5	Jobs	NIRP will track employee hiring of the top 30 local companies in each sector (and their largest suppliers)
6	Trade Balances (Exports and Imports)	NIRP will track growth in exports from largest players in each sector. NIRP will monitor import trends for key products in each sector

3.6 Interfaces

The NIRP recognizes the following key development plans as being complimentary to its goals:

Figure 19- NIRP interfaces with other development plans in Nigeria

S/n		Ministry/Agency
1	Vision 2020	National Planning
2	Transformation Agenda	Presidency
3	Agriculture Transformation Agenda	Agriculture Ministry
4	Infrastructure Master Plan	National Planning
5	Gas Master Plan	Oil and Gas Ministry
6	National Asset Mapping Exercise	Chief Economic Advisers Office
7	Transport Strategy	Transport Ministry
8	Solid Minerals Strategy	Solid Minerals Ministry
9	National Trade Policy	Ministry of Industry, Trade, and Investments



Figure 20 – The NIRP’s central role to other development plans in Nigeria



3.7 Implementation Structure and Work Approach

Effective implementation of the NIRP requires collaboration among multiple ministries and agencies, and continuous dialogue and consultation with key stakeholders. For this reason, an inclusive governance model and programme management structure has been created to support NIRP’s execution. The Federal Ministry of Industry, Trade, and Investment will lead the charge and coordinate the implementation.

The NIRP Steering Committee (made up of public Sector implementing agencies) and an NIRP advisory committee (constituted mainly of the Private sector) will report directly to the

President of the Federal Republic of Nigeria. The Steering Committee will be chaired by the Honorable Minister of Industry, Trade, and Investment; while the Presidential Advisory Committee will be chaired by the Honorable Minister of Industry, Trade, and Investment, with a leading private sector Industrialist serving as alternate chair.

(Refer to Section on ‘NIRP Programme organization and Monitoring’ for details).

3.8 NIRP Investment Expectations

The NIRP has evaluated the peculiarities of each sector, and identified the potential for GDP impact, jobs, and transaction strategies (i.e. greenfield and/or expansions), to meet the NIRP objectives.



Figure 21 – NIRP Expectations on Investments and Economic Impact

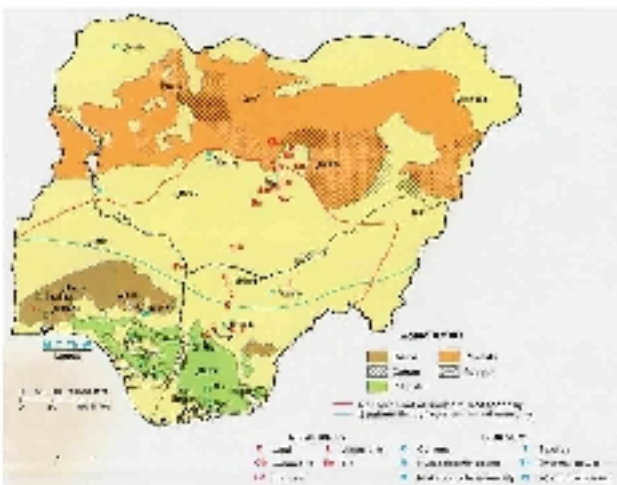
		Nature of Sector (i.e. typical size)	Economic Potential			Economic Potential	Target GDP addition (Aggregated value)	# of transactions
			Medium Scale (Revenues of US\$10m to US\$20m)	Large Scale (Revenues of US\$20m to US\$100m)	Ultra Large Scale (Revenues above US\$100m)			
1	Agro Allied	Food Processing (beverages, packaged foods, rice)		X		High	US\$2b to US\$5b	~20x
2		Sugar			X	High	US\$0.5b to US\$1b	~10x
3		Palm Oil Processing		X		High	US\$1b to US\$2b	~10x
4		Leather and Leather Products	X			High	US\$0.2b to US\$0.5b	~10x
5		Rubber Products (i.e. Tyres)		X		High	US\$0.5b to US\$1b	~5x
6		Cocoa processing	X			High	US\$0.2b to US\$0.5b	~10x
7	Metals and Bulk Minerals	Cement			X	High	US\$1b to US\$2b	~3x
8		Auto Assembly			X	High	US\$1b to US\$2b	~2x
9		Basic Metals/Steel			X	Medium	US\$1b to US\$2b	~5x
10		Aluminum		X		Medium	US\$0.5b to US\$1b	~5x
11		Chemicals		X		Medium	US\$0.5b to US\$1b	~10x
12	Oil & Gas Related Industries	Petrochemicals			X	Medium	US\$1.5b to US\$2b	~4x
13		Fertilizer			X	Medium	US\$1.5b to US\$2b	~4x
14		Methanol			X	Medium	US\$1b to US\$2b	~2x
15		Refineries			X	Medium	US\$1b to US\$1.5b	~2x
16		Plastics	X			High	US\$0.2b to US\$0.5b	~10x
17	Construction, Light Manufacturing, and Services	Housing		X		High	US\$2b to US\$5b	~20x
18		Light Manufacturing	X			High	US\$0.5b to US\$1b	~20x
19		Services	X			High	US\$0.2b to US\$0.5b	~20x



Chapter 4: Agribusiness and Agro Allied Sectors

- Agribusiness & Agro Allied: Nigeria has the capacity to become a leading agribusiness and agro-allied industrial nation. Of the 923 million square kilometers in Nigeria, over 90 percent is arable, 40 percent is cultivated, and only 10 percent is properly cultivated. Therefore, Nigeria has significant potential to apply technology in intensifying production across a number of agro products. Nigeria's ongoing Agricultural Transformation Agenda (ATA), the flagship programme of the Federal Ministry of Agriculture, is primed to increase our agricultural output by at least 20 million metric tonnes of food by 2015. To link these to industrial processes, the NIRP will build out midstream and downstream processing capacity in Nigeria to ensure value-addition on these agro products.

Figure 22 – Nigeria's agricultural landscape



For the Agro-Allied industrialization, the initial focus of the NIRP will be on the following sectors:

- Food processing (Beverages and Packaged foods)
- Sugar
- Palm oil processing
- Cocoa processing
- Leather and Leather Products
- Rubber Products
- Textiles and Garments

NOTE- *The following Sections are a summary. Details of Analysis, Challenges, and Recommendations for each sector are in the respective "NIRP Sectoral Report" for that sector

*Sectoral recommendations will also be provided in Phases, and updated as execution commences

4.1 Food Processing

- **Scope:** The NIRP scope includes processing, packaging, domestic distribution, and exports of packaged staples (e.g rice), branded foods products, (e.g. pasta, meals etc), beverages (e.g. juices, carbonated drinks etc), and other edibles. The food processing sector as a whole is the largest manufacturing group in Nigeria.

Key Challenges:

The specific sectoral challenges of Nigeria's food processors include:

- (i) **Difficulty in sourcing agro products** - Nigeria's agricultural sector is highly fragmented and dominated by small-hold



farmers. About 70 percent of Nigerian farmers are considered small scale (<2 ha), 25 percent midscale (2-10ha), and 5 percent large scale (>10ha).

- (ii) **Inadequate Agro-input quality** - Agro processors and industrialists are unable to get the right quality of produce for their plants.
- (iii) **Weak Agro value-chain infrastructure (e.g. storage)** – Inadequate investments in value-chain infrastructure, such as storage.
- (iv) **Costs of Freight for finished goods** – Domestic distribution of products in Nigeria is expensive, as a result most manufacturing is done as close as possible to the consumers (however inconvenient). This is particularly huge problem for food manufacturers because food items are typically low-value products (i.e. with low value-to-freight ratios), which makes transportation costs a key concern.
- (v) **Product Counterfeiting** – There is a strong need to control counterfeiting and fakes, which could harm consumers and negatively impair branded foods.
- (vi) **Other structural barriers** - High cost of power, tough investment climate, high cost of funding, low finished goods standards for exports etc.

NIRP Action Items (first phase):

- (i) **Bulk Buyer Schemes** – Facilitate the development of private sector led aggregators and bulk buyers of agro produce, to bridge the gap between small hold farmers and large industrial processors. The resuscitation of the Abuja Securities and Commodities Exchange (now the Nigerian Commodities Exchange) will contribute significantly to aggregating agro procurements. Bulk buyers will make investments in facilities to support the agribusiness value-chain (e.g, storage).

- (ii) **Enhancing industrial standards for Agro-inputs** -Create regular platforms for large industrialists and buyers of key agro-products to engage large, medium, and small hold farmers on standards needed at manufacturing plants. Setup specialized desks at MITI for key agro-products to actively engage at State and Local government levels on standards for agro-output made in those areas. NIRP to work with ATA on developing joint initiative to link agro producers with large industry, on acceptable agro-grades, standards, and specifications needed in manufacturing plants.
- (iii) **Revamping Transport Corridors** – NIRP is implementing special initiatives around major transport corridors in Nigeria. The objectives are to organize stakeholders to jointly govern usage and needs for users of those routes. The identified transport corridors for the initial phase of the NIRP are listed as follows (i) Lagos-Abuja-Kano (ii) Lagos-Benin-Enugu-Port Harcourt (iii) Benin-Abuja-Kano (iv) Port Harcourt-Enugu-Makurdi (v) Katsina-Kano-Maiduguri

Figure 23 - Heavy vehicle Traffic flows on Federal Highways



Source: AfDB

NIRP Corridor Interventions will involve both soft interventions and hard interventions. NIRP soft interventions will involve initiatives such as forming corridor stakeholder groups and working committees to jointly monitor and manage issues



along each route; while NIRP hard interventions will involve working with the Federal Ministry of Transport, or State Governments, to revamp alternative transport means along the major transport corridors (e.g. rail), and implementing schemes to upgrade capacity of haulage providers along these key routes.

[These are summarized NIRP action points for this sub sector. The detailed actions will be within the “NIRP- Food Processing Plan” Document NIRP\2\1\1]

4.2 Sugar

Scope: The NIRP scope covers the entire value-chain in sugar production, including sugarcane production (outgrowing), cane processing and sugar refining, packaging and domestic distribution. Also included are alternative outputs and by-products of the sugar value-chain, including ethanol, animal feeds and electric power generation. Nigeria's demand for sugar is estimated to reach 1.8 million metric tonnes by 2020. To be able to satisfy this from domestic production, Nigeria will need to establish some 28 sugar factories of varying capacities and bring about 250, 000 hectares of land into sugar cane cultivation, over the next 10 years. The Nigerian Sugar Master Plan (NSMP) unveiled to the public (released) on 12th November (October), 2012, already details out issues affecting the sector and maps out the road map. The Sugar Master Plan is a core part of the NIRP, and its progress of implementation will be reported as part of the consolidated NIRP impact assessments.

Key Challenges:

The specific sectoral challenges of Nigeria's sugar sub-sector include:

- (i) **Land dedicated to sugar production** – Nigeria needs to earmark more land for sugar cultivation. For instance, NSMP targets of 1.8m tonnes will require 250,000 hectares of land for cane production. State governments are the custodian of land and obtaining of C-of -O is often difficult.
- (ii) **Level of sugar imports** – An over reliance on imported raw sugar (accounting for over 98 percent of total sugar imports).

- (iii) **Low backward integration** – Insufficient capital investments in processing sugarcane to raw sugar.
- (iv) **Insufficient use of technology in cane production and sugar processing** – Yields on cane production are low. milling plants and auxiliary machinery also need re-tooling.
- (v) **Other structural barriers** - High cost of power, tough investment climate, high cost of funding, dearth of public infrastructure – dams, dykes, roads etc.

NSMP/NIRP Action Items (first phase):

The NSMP as a component of the NIRP addresses the following action items

- (i) **Sites Earmarked for sugar cane production** – The Nigeria Sugar Master Plan has identified sites for Sugar Estates in various States of Nigeria. According to the Sugar Master Plan, sites have been selected as follows (i) Group One Sites - This group comprises the existing estates with some level of infrastructure and installed processing plants, and can produce 215,000 tonnes of sugar. (ii) Group Two Sites - This group comprises sites with confirmed availability of land and water bodies for irrigation, and have the potential to produce 390,000 tonnes of sugar (iii) Group Three Sites - This group comprises of ten sites across the country with the potential to produce, and have the potential to produce 860,000 tonnes of sugar (iv) Group Four Sites -This group has eleven sites across the country with potential to produce 368,000 tonnes of sugar.
- (ii) **Tariff and Incentives Package** – The Nigerian Sugar Master Plan proposes a tariff and incentive structure to attract new investments into the sector while also encouraging backward integration into the production of raw sugar from sugar cane.



- (iii) **Working Capital Funding for Outgrower Schemes** - The outgrower programme of all sugar companies ready to provide off-take will be financed up to 50percent through a revolving loan from the Sugar Levy under a scheme co-managed by NSDC, FMA&RD, Bank of Agriculture (BOA), Nigerian Agricultural Insurance Corporation (NAIC) etc.
- (iv) **Access to Single Digit Funding Facilities** – This involves using the Sugar Levy as leverage to reduce cost of loan funds to sugar investors under a Managed Fund Agreement between NSDC and BOI.

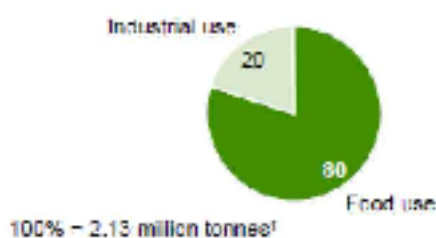
[These are summarized NIRP action points for this sub sector. The detailed actions are within the “Nigerian Sugar Master Plan (NSMP)” or the “NIRP\ NSMP-Sugar Plan” Document NIRP\2\1\2]

4.3 Palm Oil Processing

Scope: The NIRP scope covers midstream and downstream processing and marketing of the oil palm. This includes Crude Palm Oil milling, Oil refining, palm kernel crushing, Olechemical plants, domestic distribution, and exports.

Background: Between the 1960s and today, Nigeria’s palm oil industry experienced a decline from being a net exporter, to becoming a net importer of 30-35 percent of its palm oil needs. Nigeria’s current consumption exceeds 2 million tonnes a year, while production is just above 1.3 million tonnes. Most of the CPO for industrial use is imported into the country. By 2020, local production is expected to reach ~5million tonnes p.a., driven by plantation expansions, improvements in yields and conversion rates, and increased processing capacity which will satisfy 100 percent of domestic demand, replace current imports and contribute surplus production that can be exported.

Figure 24 – Split of domestic consumption of Palm Oil in Nigeria



Key Challenges:

The specific sectoral challenges of Nigeria’s oil palm sector include:

- (i) **Shortage of Integrated production sites** – While the Malaysian oil palm private sector consists mostly of companies with integrated operations covering the entire production process from plantation to refining and consumer products; Nigeria on the other hand runs a highly fragmented oil palm industry. Only 3 or 4 large scale integrated players are in the Nigerian market.
- (ii) **Inadequate processing technology (causing low extraction rates)** – Extraction rates and processing standards are rather low, leading to significant waste while processing.
- (iii) **Shortage of high-grade palm oil** – A shortfall of high quality palm oil (especially for industrial use), resulting in underutilized processing and refining capacity.
- (iv) **Informal Palm oil imports from neighboring countries** – Smuggling of finished palm products from West Africa reduces industrial benefits of Nigeria’s tariff regime.
- (v) **Other structural barriers** - High cost of power, tough investment climate, high cost of funding, low finished goods standards for exports etc.

NIRP Action Items (first phase):

- (i) **Facilitate increased integration and scale of palm producers** – Facilitate expansion programmes with existing integrated players in the country; and attract other large integrated players into the market.
- (ii) **Provide specialized equipment financing**– Develop financing packages targeted at upgrading or replacing palm processing equipment.



- (iii) **Standards enhancement** – Roll-out initiatives to enhance capacity and standards of independent small and mid-scale palm processors. Grade specifications for Nigeria's largest industrial palm producers to be collated and consolidated as reference points for independent processors.

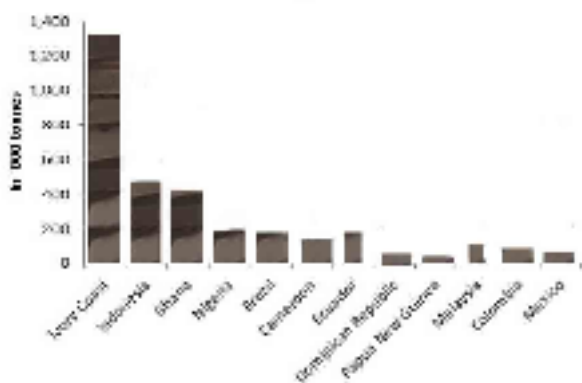
[These are summarized NIRP action points for this sub sector. The detailed actions are within the "NIRP- Palm Oil Processing Plan" Document # NIRP\2\13]

4.4 Cocoa Processing

Scope: The NIRP scope covers midstream and downstream processing and marketing of the cocoa industry. This includes wet processing of cocoa beans, drying, industrial level packaging\ bagging, storage, domestic distribution, conversion, exports, and manufacturing of cocoa based products.

Background: Cocoa remains Nigeria's major agricultural export, with our country ranking as the fourth largest producer in the world. Nigeria's Cocoa output is just above 300,000 tonnes a year, about 96 percent of which is exported. Over the past few decades Nigeria's position in global Cocoa rankings has been on the decline, with the largest producers now ranked as follows: Cote d'Ivoire (34 percent), Indonesia (16 percent), Ghana (16 percent), and Nigeria (9 percent). Nigeria's current Cocoa export earnings are ~US\$900 million, with significant potential to increase exponentially.

Figure 25 – Largest Cocoa producers globally



Source: International Cocoa Organization (ICCO)

Key Challenges:

The specific sectoral challenges of Nigeria's Cocoa sector include:

- (i) **Low Production levels of Cocoa beans** – Existing production of Cocoa is not sufficient to support a sufficient scale industrial cocoa industry. Neighboring Cote D'Ivoire produces 4 times Nigeria's cocoa output.
- (ii) **Poor rural infrastructure** – The cocoa industry is typically dominated by small hold farmers worldwide, and therefore needs strategic transport infrastructure to reduce freight costs to market.
- (iii) **Exportation of cocoa beans** – Producers of cocoa beans are more inclined to export than supply domestic processing plants.
- (iv) **Inadequate Cocoa Storage and Unreliable Shipments** – Investments in inventory management and warehousing facilities. Cocoa supplies are difficult to predict and largely unreliable.
- (v) **Structure of the International market** – Only a handful of international companies dominate the processing and supply of the intermediate cocoa product (cocoa butter and powder, and 'industrial' chocolate), accounting for over 35 percent of total worldwide cocoa grinding capacity. This implies significant market power in the hands of just a few companies on the international cocoa market.
- (vi) **Other structural barriers** - High cost of power, tough investment climate, high cost of funding, low finished goods standards for exports etc.

NIRP Action Items (first phase):

- (i) **Increase Cocoa bean output** – Partner with the Ministry of Agriculture to raise



raw Cocoa production by increasing cultivations, improving yields, and standardizing harvest procedures.

(ii) **Facilitate Cocoa Warehousing Investments**

- Develop schemes to encourage public-private sector investments for 3rd party storage storage and inventory management facilities.

(iii) **Identify and facilitate public-private interventions in key rural road infrastructure**

– Work with State and Local governments to identify highest priority road infrastructure, especially feeder roads that get Cocoa products to central market areas.

(iv) **Review Export Incentives Scheme –**

Nigeria’s export expansion grant schemes will be recalibrated to ensure Cocoa bean supplies are available for domestic processing.

[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP- Cocoa Processing Plan” Document # NIRP2\1\4]

4.5 Leather Products

Scope: The NIRP scope covers midstream and downstream processing and marketing of the leather products industry. This includes sourcing hides\skins, marketing of raw hides\skins, processing (tannery), warehousing, product design, finished product manufacturing, and exports.

Background: The Nigerian leather industry is subscale with very few large industrial manufacturers in the market. Nigeria currently exports about US\$600 million of leather products, while the Global leather market is a US\$75 billion industry. The major leather players are located in Northern Nigeria around the Kano-Kaduna industrial cluster.

Figure 26- The Nigerian Leather Footprint



Source: Chemonics

Key Challenges:

The specific sectoral challenges of Nigeria’s Leather industry include:

- (i) **Highly Fragmented Cattle rearing market with numerous abattoirs** – Nigeria’s cattle rearing industry is dominated by small and medium sized players.
- (ii) **Quality of Hides and Skins produced-** Scarcity of hides and skins in the right quality and quantity.
- (iii) **Weak Tanning and Leather Preparation Standards** - to fully utilize its manufacturing capacity for leather products, the manufacturing industry need more sources of quality inputs. Locally tanned hides and skins tend to be of poor quality, and produce limited high grade leather.
- (iv) **High Consumption of Skins\Hides for food** – Nigeria also has a prosperous local food market for raw hides and skins, called “Ponmo,” which is considered a delicacy. Currently the demand for “Ponmo” competes against the demand for tanning, receiving 5 times the price for products with fewer quality demands.



- (v) **International Trade Standards and Quality Specifications** – Standards for Hides\ Skins exported depends on the end use product, and it is necessary that the grading of this commodity be understood. Grading is based on species, size, thickness and condition (holes, varied thickness, scoring, patches, etc).
- (vi) **Other structural barriers** - High cost of power, tough investment climate, high cost of funding, low finished goods standards for exports etc.

NIRP Action Items (first phase):

- (i) **Facilitating the Emergence of Large Scale Cattle Ranches** – Small hold cattle rearing leads to a confluence of issues, including poor livestock husbandry, inadequate flaying and preparation skills. Specific steps will be taken to promote large single-owned cattle ranches, or establishment of grazing reserves for multiple small scale herders.
- (ii) **Support to improve Technical Standards of Hides, Skins, and Tanneries** – Increase integration between tanners and abattoirs to reduce damages to animal skins.
- (iii) **Commercialization of local tannery technology** – Work with largest tanneries in key States and local governments to upgrade equipment and commercialize their operations.
- (iv) **Capacity development on Export Standards and knowledge of international markets** – Consolidate the demand and technical specification information for key international leather markets. Work with cross section of key tanneries and local leather-traders to penetrate the target markets.

[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP- Leather Products Plan” Document # NIRP\2\1\5]

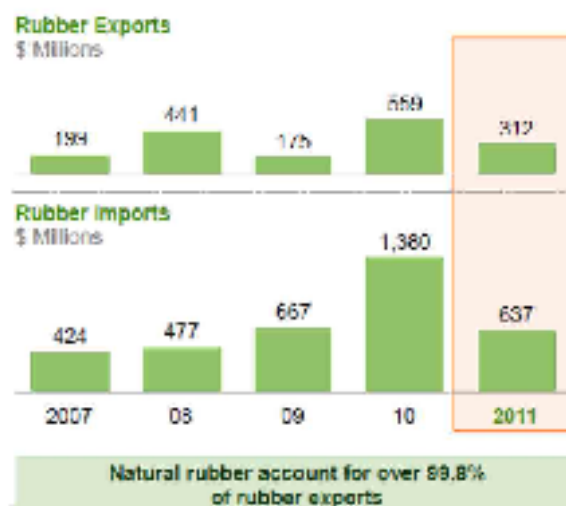
4.6 Rubber Products

Scope: The NIRP scope covers midstream and downstream processing and marketing of the rubber industry. This includes rubber sourcing\ trading, processing, manufacturing of finished products (e.g. tires, gloves, footwear etc), and exports.

Background: For rubber, the absence of a local large tire manufacturer is a key issue. Nigeria’s marquee rubber operators, closed their plants in 2006 and 2009 respectively due to non-conducive tariff policies and degrading infrastructure. This has led to an increase in imports with new tires currently accounting for 73 percent of all rubber imports.

The industry is highly raw material intensive. Raw material costs accounts for 65-70% of the total production cost of tyres.

Figure 27 – Nigerian Rubber Export and Imports



Key Challenges:

The specific sectoral challenges of Nigeria’s Rubber industry include:

- (i) **Declining Rubber Production in Nigeria** – Rubber production in Nigeria has been falling at an alarming rate. Driven by factors such as low yield of trees,



especially amongst small holding farmers. In addition many rubber producing trees are old trees and have passed their peak of production.

- (ii) **Tariff Inconsistency** - The Nigerian tariff structure creates a dichotomy between import duties on truck tyres and car tyres leading to misclassifications to the lowest duty rates on all tires entering Nigeria.
- (iii) **Unreliable power supply** – The tire making process requires consistent power supply to ensure sustainable production cycles. The weak energy situation in Nigeria has significantly increased the cost of manufacturing tires.

NIRP Action Items (first phase):

The specific sectoral challenges of Nigeria’s Rubber industry include:

- (i) **Increase Raw Rubber output** – Partner with the Ministry of Agriculture to raise raw Rubber production by increasing cultivations, improving yields, and standardizing harvest procedures.
- (ii) **Harmonized Tariff Regime** – Align the tariff structure to a flat rate easier to administer, and to promote capacity utilization of Nigerian manufacturing plants.
- (iii) **Review Export Incentives** – Review export incentives to encourage exports of value-added rubber products as against exports of raw rubber.

[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP- Rubber Products Plan” Document # NIRP\2\1\6]

4.7 Textiles and Apparels

Scope: The NIRP scope covers midstream and downstream processing and marketing of the textiles and garments. This includes ginning\ scouring, spinning\ texturing, weaving\knitting, finishing\printing, cutting\sewing, retailing, and exports.

Background: Nigeria’s textile and garments industry spans the entire clothing value chain, although most of the activity is in the fabric production. The industry has been in steep decline since 2003 but recent figures reveal that the decline has bottomed out mainly as a result of the Cotton, Textile and Garment fund introduced in 2009. As a result of the decline, Nigeria now spends over USD 2 billion on imported goods. The crisis is exacerbated by high local production costs and cheap imports from Asia.

Figure 28- Key indicators of the Nigerian Textile Industry



Key Challenges:

The specific sectoral challenges of Nigeria’s Textile industry include:

- (i) **Inadequate Power** – The Textiles and Garments manufacturing process is very energy intensive accounting for between



30 to 40 percent of the production costs. Insufficient supply of power to Nigerian Textile firms have significantly raised operating costs especially in the Northern parts of Nigeria.

- (ii) **Cotton Quality** – The quality of cotton supply to many ginneries is inadequate, due to contamination.
- (iii) **Smuggling** – Significant quantities of textiles and apparels smuggled into Nigeria. By some estimates, 85% of the textile materials in Nigeria are smuggled into the country.
- (iv) **Old Textile Plants and Equipment** – Most textile companies in Nigeria have very old plants, using outdated technology. This also adds to the high costs of operations.

- (ii) **Cotton Supply Interventions** – Provide support to cotton farmers to improve packaging and bagging to reduce contamination. MITI will work with State governments to revive gazette cotton markets.
- (iii) **Cotton Standards** – Provide support to cotton farmers on standards of cotton lint, to increase grade level for local and international markets.
- (iv) **Target Cotton Fund to Plant Retooling** – Ensure funding provided by government to the industry is also used to upgrade equipment and retool existing operations

[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP-Textiles and Garments Plan” Document # NIRP\2\1\7]

NIRP Action Items (first phase):

- (i) **Government Energy Intervention** – Develop energy supply schemes to ensure regular supply of LPFO to textile firms in Northern Nigeria.

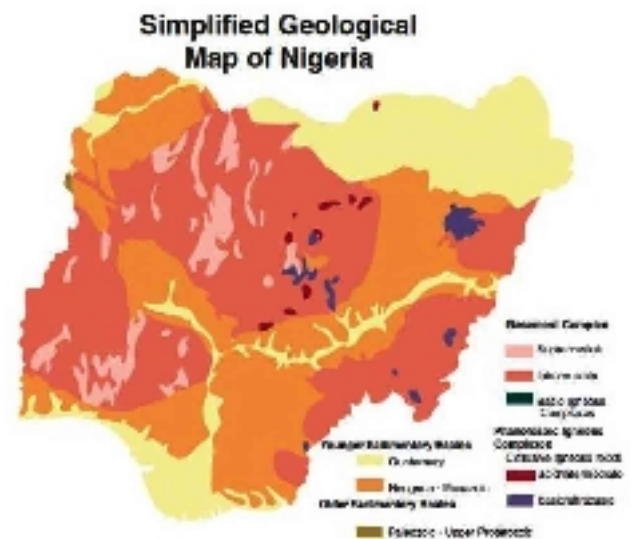


Chapter 5: Metals and Solid Minerals Processing

5.1 Metals & Solid Minerals:

Nigeria has the capacity to become a major processing hub for solid minerals. We have 44 solid minerals proven to exist in sufficient quantities to support large scale midstream and downstream industrial activities. These include Iron ore, manganese, coal, limestone, bentonite, amongst many others. To bridge the current shortfall in extracted raw materials (due to the infant mining industry in the country), Nigerian industry has essentially focused on downstream processing activities by importing intermediate processed raw materials, which are then finished in Nigeria (e.g. for cold steel rolling operations). For industrial development, the NIRP will first promote expansion of existing downstream processing and assembly capacity in the country, and then gradually facilitate backward integration into midstream/upstream processing activities starting from solid minerals. The National mining strategy is therefore essential to the successful implementation of the NIRP's metals and solid minerals programme.

Figure 29 – Simplified Geological Map of Nigeria



Source: Progressive miners empowerment association

For the Metals and Solid Minerals industrialization, the initial focus of the NIRP will be on the following sectors:

- Cement
- Auto Assembly
- Basic Metals
- Aluminum
- Chemicals

NOTE- *The following Sections are a summary. Details of Analysis, Challenges, and Recommendations for each sector are in the respective "NIRP Sectorial Report" for that sector

*Sectorial recommendations will also be provided in Phases, and updated as execution commences



Figure 30 – Some key minerals in Nigeria



Source: Nigerian Federal Ministry of Solid Minerals

5.2 Cement

Scope: The NIRP scope includes quarrying, clinker production, grinding, bagging, distribution, and exports (where applicable) of cement. The primary input for the production of cement is limestone. Secondary materials are gypsum, shale or clay, and fuel oil or coal. More than 95 percent of the sector's materials are obtained locally (most companies import the gypsum). The Nigerian cement industry has been a success story over the last 10 years, with installed capacity rising from an installed capacity of just under 3 mtpa in 2004, to a total capacity of 28.5 mtpa in 2013. This was achieved through a combination of backward integration policies, and strategic investment promotions by the Nigerian government. The objectives for the Nigerian cement industry are therefore to sustain the achievements of the past, seek alternative uses of cement to boost local demand, and make Nigeria a significant net exporter of cement to the sub region within the next 5 years.

Key Challenges:

The specific sectoral challenges of Nigeria's cement industry include:

- (i) **Freight Costs** – Almost all cement manufactured in Nigeria is transported via road, which adds to the ex-factory price of cement by the time it gets to the customer. By some measures, the retail prices of cement in Nigeria are 30 to 50 percent higher than ex-factory prices due to the high costs of domestic distribution.
- (ii) **Energy Sufficiency** – Inadequate power and energy is a significant challenge of the Nigerian cement industry. About 30 percent of the cost of manufacturing cement is spent on energy, which indicates its level of importance. Cement companies face challenges sourcing gas, LPFO, or other energy fuels to run their plants.
- (iii) **Level of Competition** – The Nigerian cement industry is heavily concentrated with a few large firms. More investment is required by local and foreign players to increase players within the sector. Strong regulation is also needed to ensure the industry adequately promotes competition.
- (iv) **Barriers to Exports** – Some neighboring countries have setup non-tariff barriers to discourage exports of Nigerian cement into the subregion.
- (v) **Other Structural barriers** - High cost of power, tough investment climate, high cost of funding, low finished goods standards for exports etc.

NIRP Action Items (first phase):

- (i) **Alternative Freight Schemes** – Facilitate the use of alternative freight to move bulk products in Nigeria (e.g. rail and waterways). NIRP will roll-out alternative freight programmes with the Nigerian Railway Corporation, and Nigerian Maritime Authority, to pilot alternative freight schemes and demonstrate cost savings to cement manufacturers and distributors. The objective is to move more



cement cargo, away from roads, and through other means over a 5 year period.

- (ii) **Investment Promotion** – NIRP will facilitate more investments into the cement sector to increase the number of players with installed capacity in the country.
- (iii) **Create Cross-Border Trade Facilitation Committee**—Establish a senior level public\private cross border trade committee to resolve non-tariff barriers imposed by Nigeria’s neighbors. Committee will use both existing Ecowas reporting structures, and direct access to political structures and bureaucracies in those countries.
- (iv) **Product Prices** – Nigerian cement prices are currently one of the highest globally. Lower prices will boost demand, and have a knock-on effect on economic growth. The NIRP will work with Cement producers to decompose the Cement industry cost structure and facilitate industry wide initiatives (working with largest cement producers) to bring product prices down.
- (v) **Boosting Local Demand** – The NIRP will facilitate alternative uses of Cement in Nigeria (beyond use in home construction), as a means of boosting local demand. For instance opportunities to begin using more cement in road construction could significantly boost the cement industry output, reduce road maintenance costs in Nigeria, and extend the lives of roads built.

[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP-Cement Industry Plan” Document # NIRP\3\1\1]

5.3 Auto Assembly

Scope: The NIRP scope includes automobile assembly and component manufacturing in Nigeria. This includes OEM assembly operations, welded parts, electronics, radiator, cables, filters, brake pads/linings, windscreens, side glasses, fibre-glass parts, paints, glass works, upholstery leather works, cast and machined

parts, as well as as well as plastic works.

Background: Nigeria currently imports about 400,000 vehicles into the country every year, made up of 100,000 new cars and 300,000 used cars. The total import bill is estimated at NGN 550 billion in 2012 (~US\$3.5 billion), excluding the costs of vehicle parts, making this sector the 2nd largest user of Nigerian foreign exchange. In addition about 10 million cars currently exist on Nigerian roads, creating a huge market for local parts and accessories manufacturing and replacements.

Key Challenges:

The specific sectoral challenges of Nigeria’s automobile sector include:

- (i) **Fiscal Measures** – Nigeria currently does not have adequate fiscal measures to encourage the development of the local auto industry. Many countries restricted import of fully built units (FBU) (e.g. Brazil in the 1960s, and Egypt) or used high import duties which took cognizance of the level of competitiveness in the operating environment. Over time the duties were reduced as local capacity expanded.
- (ii) **Poor Local Patronage** – Existing locally assembled automobiles are not adequately patronized by the public and private sector. Many countries with developed auto sectors have leveraged public procurement to push the industry to develop.
- (iii) **Import of used vehicles** – Nigeria has become a huge market for used vehicles imported from developed markets. . These have become the way by which Nigerians have access to less expensive cars. Many emerging market countries, in developing their local auto sector, controlled the importation of used vehicles (while some other countries even banned such imports). These were then strategically replaced with affordable vehicles made locally by their domestic automotive industries. It is



critical to always ensure affordable cars are available, so citizens can aspire and afford to own vehicles.

- (iv) **Unequipped Auto Clusters and Support Infrastructure** – Nigeria’s auto clusters are not adequately equipped with supplier parks and dedicated port infrastructure.
- (v) **Scale of operators** – The existing auto assemblers in the country need expansions of existing assets.
- (vi) **Other Structural barriers** - High cost of power, tough investment climate, inadequate skills, high cost of funding, low finished goods standards for exports etc.

NIRP Action Items (first phase):

- (i) **Adopt Fiscal and Non-Fiscal Measures to Promote Auto sector Development** – Implement tariff regime to support large scale investments in Nigeria’s auto sector. Tariff regime to promote backward integration by encouraging dealers\manufacturers to build-up assembly and component manufacturing capacity in Nigeria. Companies with strong commitment to assemble and manufacture certain quantities locally, will be able to import other quantities to fill the demand\supply gap in the country (at concessionary rates). This will ensure car prices do not unduly rise in the country.
- (ii) **Auto Supplier Parks** – Development of existing Auto Supplier Parks near existing Auto clusters in Kano-Kaduna, Lagos, and Aba-Nnewi. NIRP will also create new Auto Industrial Parks in specific locations Industrial Cities with potential to have dedicated Ports and Berths for Auto assemblers.
- (iii) **Promote Local Patronage of Made in Nigeria Cars** – Increased government and private sector procurement of locally assembled automobiles.

- (iv) **Auto Skills** - Establishment of world-class Auto Skills centers within Nigeria in partnership with international technical skills institutions.
- (v) **Anti-Smuggling Measures** – NIRP will facilitate integration of vehicle registration systems at the Federal Road Safety Corp, Nigeria Customs Service, and National Automotive Council. The technology platforms rolled out by these institutions have the capacity to adequately track vehicles entering Nigeria, and plying its roads, to ensure the right duties are paid. The National Automotive Council to perform an annual audit on duties paid on cars within Nigeria.
- (vi) **Investment Promotion** – Attract at least 5 international OEMs into the country (in the category of Daimler, GM, Nissan, Toyota, Honda etc).

[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP-Nigeria Auto Industry Development Plan” Document # NIRP\3\1\2]

5.3 Aluminum

Scope: The NIRP scope includes Alumina, Aluminum ingots, scrap Aluminum processing, Corrugated Aluminum sheets, and other finished products. It covers Aluminum smelting, Primary Aluminum manufacturing processes, and Secondary Aluminum manufacturing processes.

Background: The Aluminum industry in Nigeria is largely for finished aluminum goods producers and the Alcon smelter in Ikot Abasi, Akwa Ibom. The market is estimated between USD 250 million and USD 300 million per annum, with significant potential for growth given Nigeria’s low consumption per capita of 0.3kg as compared to the 5kg global average. This demonstrates the significant opportunities for growth within the Aluminum subsector.



Key Challenges:

The specific sectoral challenges of Nigeria's Aluminum sector include:

- (i) **Influx of substandard Aluminum products** – Substandard iron rods, roofing sheets etc, entering the Nigerian market will be reduced or eliminated. Illegal dumping of substandard coated aluminium coils, especially from Asia, needs to be more efficiently overseen.
- (ii) **Fiscal Measures** – Broad categorizations and classifications of finished Aluminum products leading to wrong duties (i.e lower duties) applied on specific finished imports. In addition, duties applied on imported ingots need to be reviewed because local capacity to produce this raw material is limited.
- (iii) **Product Standards and Regulations** – Specific national standards around minimum thicknesses are hindering the ability of local manufacturers to compete with specifications of imports.
- (iv) **Use of Scrap** – Scrap Aluminum is unduly exported rather than used as feedstock to local plants
- (v) **Unreliable Power\Energy** – Aluminum manufacturing requires significant amounts of energy. Nigeria's power sector has been unable to supply the required energy to make the Aluminium sector competitive.

NIRP Action Items (first phase):

- (i) **Streamlined Tariff regime on Aluminum products**– Review existing tariff regime on Aluminum products to block loopholes, and ensure adequate tariffs are paid on all categories of finished Aluminum products.
- (ii) **Reviewed Standards** – A review of product Standards allowed in locally manufactured Aluminum products.

- (iii) **Incentives on exporting Scrap Aluminum** – Complete review of any incentives given to export scrap Aluminum.

[These are summarized NIRP action points. The detailed actions for this subsector are within the "NIRP-Aluminum Industry Plan" Document # NIRP\3\1\3]

5.4 Basic Metals\Steel

Scope: The NIRP scope includes smelting, hot rolled products, cold rolled products, and local distribution. Products in scope include blooms, billets, sheet metal, plates, bars, rods, wire, and structural frames.

Background: The market for manufactured steel products in particular is approximately US\$3 billion a year. Nigeria's Steel consumption per capita is only 10kg, as against the world average 150 kg.

Key Challenges:

The specific sectoral challenges of Nigeria's Basic Metals sector include:

- (i) **Non-operational upstream smelting capacity** – The upstream value-chain to process iron-ore into ingots has largely been under developed in Nigeria. The Ajaokuta integrated Steel complex, is the Steel plant with the nation's largest smelting capacity, but has not begun operations on a commercial scale. Focus has therefore been on finished products, specifically the cold rolled steel making process.
- (ii) **Sizeable Mineral deposits, need to be further developed** - Despite the abundance of iron ore and coal in Nigeria, these deposits need to be further proved-up and developed for exploitation. The specific characteristics and geology of specific deposits will need the appropriate technology to excavate on a case-by-case basis.



- (iii) **Bulk Freight Infrastructure** – Metals manufacturing requires movement of large volume of materials, which need a well-developed bulk freight network to reduce transportation costs.
- (iv) **Use of Scrap** – Scrap Metal is unduly exported rather than used as feedstock to local plants.
- (v) **Unreliable Power\Energy** – Steel manufacturing requires significant amounts of energy. Nigeria’s power sector has been unable to supply the required energy to make the Steel sector competitive.
- (ii) **Prove-up Mineral Resources** – Work with Ministry of Mines to prove-up key mineral deposits to international measurement standards. (e.g JORC standards) Engage existing downstream steel players on investment packages to link proven-deposits to their existing operations .
- (iii) **Incentives on exporting Scrap Metal** – Review government enforcement of the existing restrictions on export scrap Steel. Work with other Ministries to ensure the restrictions are properly implemented.
- (iv) **Steel Clusters** – Medium to longer term plan to situate new steel players coming into market around specific Clusters and Zones (Industrial Cities) in each of Nigeria’s geo-political zones. This will ensure infrastructure can be shared to lower operating costs. Gas infrastructure development will also be focused around clusters to meet industry’s energy needs.

NIRP Action Items (first phase):

- (i) **Investment promotion downstream (with gradual backward integration upstream)** – Strategic promotion of more investments in large scale downstream rolling mills (cold and hot rolled), near known mineral deposits and/or near port areas. Facilitate players with large installed cold-rolling mill capacity, to first integrate backwards to hot-rolled processes, and then finally to smelting processes.

[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP-Basic Metals Industry Plan” Document # NIRP\3\1\4]



Chapter 6: Oil & Gas Related Industries

6. Oil and Gas:



Nigeria is endowed with some of the largest oil and gas reserves in the world. Nigeria's current proven oil reserves are estimated at 37.14 billion barrels (10th largest in the world), and gas reserves estimated at 187 tcf (7th largest in the world). Oil production has historically ranged between 1.7bpd and 2.4 bpd, while about 2.4tcf of gas is produced annually, of which a third is flared. Nigeria's Oil and Gas Industry however has been dominated by upstream oil and gas activities, with little investments in midstream processing and downstream hydrocarbon related industrial activities. The Nigerian oil and gas Industry account for 95 percent of foreign exchange earnings and between 60 percent and 70 percent of total government revenue, yet it only contributes less than 15 percent of the nation's GDP. Currently Nigeria exports primarily crude oil and gas, whilst at the same time importing value-added petroleum based products. This situation is not maximizing the economic benefits from oil and gas as the

country loses large amounts of foreign exchange importing fertilizers, petroleum products (diesel, jet fuel, fuel oil etc) and also exports jobs to other countries.

Opportunities for Industrialization of Nigeria using the Oil & Gas sector are enormous by investing heavily in Petrochemicals, Methanol, Fertilizers, Refineries, and other Gas based processing activities. Trinidad and Tobago has less gas reserves than Nigeria, but today that country is the 2nd largest exporter of ammonia and nitrogenous fertilizer, a lot more than Nigeria and most other countries. Nigeria has now decided to do the same, and follow the path of building up oil & gas industrial activities, to create wealth and jobs.

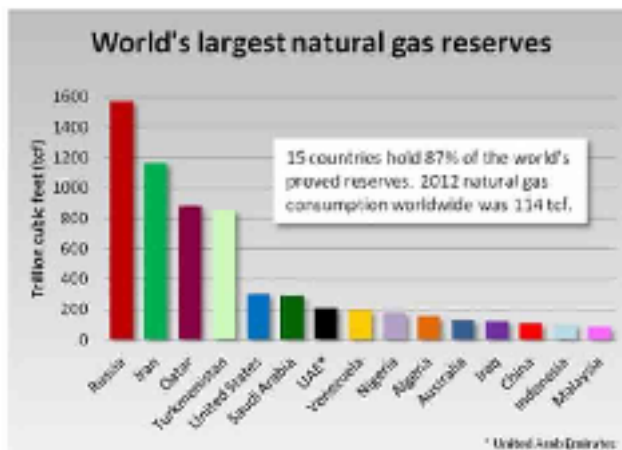
6.1 Petrochemicals, Fertilizers, and Methanol

Scope: The NIRP scope includes facilitating the development of Petrochemicals (ethylene, propylene, higher olefins, Benzene, etc), Fertilizers (Ammonia, Urea etc), Methanol, and Refineries. This will require MITI working very closely and coordinating with the Federal Ministry of Petroleum Resources. The focus is on Industrial, and heavy manufacturing sectors fed by the upstream oil and gas industry.

Background: Nigeria's sizeable oil & gas resources positions it to become one of the largest downstream hydrocarbon processing hubs in the world. However, investments in Nigerian downstream processing plants (e.g. petrochemicals, fertilizer, and methanol) have been minimal, and installed capacity low. Nigeria currently has only one Petrochemical Plant, (Eleme Petrochemicals) which as of 2013 had an annual installed capacity of 300,000 metric tonnes of olefins, 250,000 metric tonnes



Figure 31 - World's largest gas reserves by Country



of polyethylene and 80,000 metric tonnes of polypropylene. Similarly, Nigeria has only one Urea Fertilizer plant, with Notore Chemicals 560ktpa Urea production and 1mtpa blending plant. A number of other Fertilizer plants are being planned, or under construction. The Methanol industry is yet to take-off in Nigeria. Other countries with huge gas reserves have developed downstream processing capacity; for instance Trinidad and Tobago exports almost 4.5 mtpa of Nitrogenous Fertilizers and Ammonia, every year.

Key Challenges:

The specific sectoral challenges of Oil & Gas Industrial activities facing the sector include:

- (i) **Insufficient oil and gas pipeline infrastructure:** There is currently insufficient pipeline infrastructure supplying key inputs for oil and gas downstream projects. The Nigeria National Petroleum Corporation (NNPC) has however developed detailed plans to develop this infrastructure to meet future demand, and is following through with implementation.
- (ii) **Supply Consistency:** Disruptions in pipelines sometimes constrain supply of crude oil and gas for large-scale downstream oil and gas projects.

(iii) International Competition for Credible

Sponsors: The current discoveries of crude oil and gas in other African countries, Latin America, Asia, and Australia, has led to fierce competition in attracting credible global sponsors. Also the development of shale oil and gas reserves globally has put considerable pressure on available capital for other oil and gas projects. International sponsors have new and emerging opportunities and geographies. PWC posits that discovery and exploitation of Shale oil and gas is expected to put downward pressure on the price of crude oil and gas .

(iv) Technology availability:

Low historical transfer of oil and gas industry technology to the local market, has led to very few capable Nigerian investors. As a result, most key aspects of this industry need to be imported – capital, technology, skilled labor, and contractors etc, to develop these projects. This increases the cost of development and operation substantially. Nigeria needs to increase its capacity to adopt and replicate technologies like these.

(v) Capital Intensity:

Oil and Gas Industrial assets are typically capital intensive, and require funding in foreign currency. Most projects will exceed US\$ 1billion (i.e. over NGN 160 billion at 2013 exchange rate). These projects also need significant amounts of equity investments by project sponsors, before financial institutions provide debt financing.

NIRP Action Items (first phase):

The NIRP targets an increase in the economic contribution to the Nigerian economy from the oil and gas downstream sector, which will range between \$9 billion and \$16 billion extra per annum. These will be achieved through a multi-pronged approach on facilitating expansions and green-field projects in Petrochemicals, Fertilizers, Methanol, and Refining.



(i) **Development of Oil & Gas Industrial**

Cities: NIRP will facilitate the development of Gas Industrial Cities/Parks to serve as demand aggregators and load centers for oil and gas related manufacturing. These will be designed as processing clusters similar to Point Lisas in Trinidad and Tobago, and Yanbu in Saudi Arabia. Shared infrastructure will be developed to gather, process, and supply gas to these Industrial Cities – where manufacturing plants use the input as feedstock for further processing. The plant types and facilities in the Oil & Gas Cities will include - petrochemical plants, fertilizer plants, methanol plants, refineries, bulk storage, fabrication, captive ports/jetties etc. The first of these under development is the Ogidigbe Gas City in Delta State; NIRP will also convert Olokola Industrial Zone into a dedicated oil and gas city.

(ii) **Agree Guidelines on Domestic Supply Obligations for Gas based Manufacturing**

NIRP will work with the Ministry of Petroleum Resources in setting up simplified guidelines to determine which types of Gas based Manufacturing activities are consistent with Domestic Supply Obligations (DSO) as defined under the Gas Master Plan. Through these guidelines, Nigeria’s gas producers, investors, manufacturers and will be given clarity and comfort on which activities meet DSO expectations, to encourage strong support to supply gas to key manufacturing projects.

(iii) **Investment promotion and Sponsors:**

The NIRP team will facilitate international and domestic investments into the sectors identified- petrochemicals, fertilizers, methanol, and refineries. NIRP will strategically target the largest and most credible international (and local) players into the various areas. To achieve NIRP’s objectives, these sectors will not be driven by the number of transactions (i.e. it is not about quantities), but rather by the scale of a few investments. Nigeria only requires a few transformational investments to

ramp up capacity in these areas. NIRP will therefore be strategic in targeting investors who are willing to move quickly.

(iv) **Establishment of the Nigeria Oil and Gas Industrial Development Committee:**

This committee will be co-chaired by the Ministry of Industry, Trade, and Investments and the Ministry of Petroleum resources, and will be constituted of relevant Government institutions such as the Ministry of Transport, Nigerian Ports Authority, Relevant State Governments, key private sector stakeholders etc.

(v) **Regional Market penetration for Nigerian oil and gas products in West and Central Africa:**

The NIRP team in collaboration with NEPC, NEXIM, and Ministry of Petroleum Resources will develop and implement a market access strategy for Nigerian oil and gas products in West and Central Africa. The regional market strategy will position Nigeria as the preferred supplier of Petrochemical products, Methanol, Fertilizer, and Refined Petroleum products in West and Central Africa. Nigeria views the market opportunity as a single market block, and will substitute imports coming from outside the region.

(vi) **Capital Mobilization:**

The NIRP will use the Industrialization Funding Vehicle (refer to Section on ‘Financing’) and the Bank of Industry to provide risk capital, structured guarantee products, as well as very long tenure debt, to facilitate the development of transformational downstream processing plants. On a case-by-case basis, the NIRP will facilitate strategic use of unfunded instruments, to reallocate risk between sovereign, international development agencies, and the private sector to mobilize more capital for project development.

[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP- Petrochemicals, Fertilizer, Methanol, and Refineries” Document # NIRP4\1\1]



Chapter 7: Construction, Light Manufacturing, and Services

7.1 Construction, Light Manufacturing, and Services



The Construction, Light Manufacturing, and Services industrial group is built around leveraging Nigeria's large population. Nigeria with 167 million people, ranks as the 7th most populated nation in the world – thereby creating huge opportunities for companies that need a large consumer base (for consumer demand), or companies that use significant amounts of

labour during operations (for labor supply). Nigeria therefore presents both demand side and supply advantages for specific industries. Nigeria currently represents 50 percent of the West African Ecowas Market, and approximately 18 percent of the African market. Conquering the Nigerian market is therefore the 'prize' for investors. Over the last decade, the growth story of the Nigerian consumer, driven by its large population and improved wages, has created immense opportunities for investors. Nigeria also serves as the preferred first-step for investors coming into the African market for the first time.

For this grouping, the initial focus of the NIRP will be on the following sectors:

- Construction (with emphasis on supply of housing stock)
- Light Manufacturing (consumer goods, and home goods)
- Services



7.2 Construction--Housing (Supply)

Scope – This covers supply of large scale housing estates in Nigeria. NIRP (working with the Federal Ministry of Housing, and State Housing Ministries) will facilitate investments in the development and sale of low-income and middle income housing estates (with minimum of 300 units per project) in order to boost housing stock in Nigeria. This will be Industrial scale housing developments, and town-size developments. Supply of large scale housing projects require industrial discipline to deliver houses at the right quantities, the right quality, within reasonable periods, and at specific pricing points. The ultimate focus is to promote privately led large scale housing projects, with hundreds or thousands of units per development, as a strong driver of economic growth. It is anticipated, that to be economical to private investors, the bulk of opportunities for housing projects like these will be located in urban areas.

Background - Nigeria has an estimated housing shortfall of 17 million units. Every year, about 700,000 houses are required, but only 100,000 delivered, further deepening the deficit. A large number of Nigerians also live in low quality houses, especially in large cities leading to the emergence of poor quality neighborhoods in high density low-income areas. As Nigeria's population grows and people migrate to urban areas, the demand for affordable housing is expected to accelerate. The demand for quality affordable housing in Nigeria is the strongest in Africa.

Over the years, various governments have come up with programmes to build affordable housing for the large population with various degrees of successes. NIRP will focus on working with the private sector, and the Ministry of Housing to facilitate huge privately developed large scale housing estate developments, for houses priced from as low as NGN 5 million (~US\$30,000), to units as high as NGN 25 million (~US\$160,000). (In most countries in the world, houses below US\$30,000 are best handled by other Federal and State government social housing schemes,

rather than through private sector developers). At the bottom-end of the target pricing range, private sector developers will also deliver some pre-finished units (i.e. shells), to be completed by owners to their taste.

Key challenges:

The specific sectoral challenges of Nigeria's housing industry include;

- (i) **High cost of building materials and construction costs** – This factor results in highly priced houses, which are unaffordable for a large majority of the populace. For home prices to come down, the costs of construction must come down. Developers will need reasonably low construction costs, to successfully target the low and middle income market segment. Margins in the affordable housing market segment are thin (estimated at 10 to 15 percent per unit sold), making it essential that costs for materials and services are as low as possible.
- (ii) **Expensive access to land, and costly bulk infrastructure** - This is due to high prices of land in the urban areas, which drives up the cost of housing delivery. In addition, oftentimes the bureaucracy involved in getting building permits and certificates of occupancy also adds to the cost of land and subsequently the final houses. The high fees and lengthy process involved in land documentation also affects the ease with which developers get financing to pursue projects. This constrains ability for developers to mobilize capital for housing projects of any reasonable scale. Furthermore, the absence of bulk infrastructure (specifically access roads, electricity, and drainage) on large tracts of land increases the cost of delivering estate projects within budget.



- (iii) **Inadequate skills in the building / construction industry** - Nigeria has a shortfall of requisite skills in local artisans involved within the Nigerian building industry. Large housing projects today depend on migrant construction workers from other West African countries to fill the skills gap.
- (iv) **Weak Mortgage Market** – The Nigerian mortgage market is underdeveloped, without sufficient market liquidity, and inadequate depth. The current mortgage market is valued at slightly more than NGN 135 billion, while the medium term market potential is estimated between NGN 6 trillion and NGN 7 trillion. Nigeria’s recent initiative in developing the Mortgage Refinance Institution will improve liquidity and market depth and fundamentally reshape the mortgage market in Nigeria.
- (v) **Limited Housing Profiles and Product types in the market** – As a result of weak competition in Nigeria for town-size estates, our housing market currently has a limited variety of housing profiles and product types. Nigeria needs more land efficient, high density housing profiles, to provide more options for customers while also delivering units at the rights prices.
- (vi) **Limited Credible Sponsors on Large Scale projects** – The Nigerian market currently has few sponsors able to deliver and manage large scale affordable housing estates.

NIRP Action items (first phase)

- (i) **Map-out the largest affordable Housing Estate Projects in each State of Nigeria** – The NIRP will develop and maintain a pipeline of affordable housing projects, with 300 units or more, in each State of Nigeria. These projects will be constantly used to engage with State Governors, to highlight status of development, and

issues that need attention to remove regulatory hitches.

- (ii) **Investment Climate (Property\Land Registration)** - NIRP will facilitate interventions in property registration. (Refer to Section on Investment Climate).
- (iii) **Enhance domestic construction skills** – NIRP will facilitate development of construction skills through the National Industrial Skills development project (NISDP). The construction/housing industry will be a priority area because of its ability to create jobs and galvanize the local housing/construction industry to meet the huge housing deficit.
- (iv) **Facilitate partnerships between credible Nigerian and International Developers** - As part of the investment drive and investor relations program of NIRP, Nigeria will attract leading-edge real estate developers into the country (e.g Brazil, China, South Africa, India, and others). These developers will come with alternate less-expensive building methods and expertise. The NIRP will facilitate partnering these firms with local Nigerian developers to improve standards, and enhance knowledge transfer.
- (v) **Facilitate Special Development Agreements between Large Scale Housing Developers and State Governments** – The NIRP will develop a standard, internationally acceptable, project development agreement template on “Town-Size Developments” which will support development of large scale housing projects in Nigeria. The NIRP will engage with each of the 36 States and FCT, to adopt the standard agreement template as a common baseline in town size development agreements. NIRP will also identify and promote major housing projects to credible international and domestic housing developers.



[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP-Construction” Document # NIRP5\1\1]

7.3 Light Manufacturing

Scope – With the growing middle class in Nigeria, demand for light manufactured goods has increased over the years. Sales of consumer and home goods like electronics, home appliances, and personal care products are on the rise. Currently manufacturers of certain types of consumer electronics already have plants within the country where they assemble appliances such as air conditioners, refrigerators and televisions. The benefit for them is the large demand for these goods, and the possibility of using Nigeria as a hub for the West African market. Overall, Nigerian industry has built decent capabilities in consumer goods, but will need to further deepen capacity in durable home goods.

Key Challenges: -

- (i) **Competition with imported products** - The local manufacturers of consumer products have to compete with an influx of imported goods, sometimes of a cheaper nature and lower quality.
- (ii) **Access to raw materials** – Many raw materials required for certain consumer goods (e.g. electronics) need to be imported into the country, thereby driving up the prices of finished/assembled goods produced locally.
- (iii) **Inadequate research** – The consumer goods/light manufacturing sector is characterized by changing needs of customers, new models, and frequent version releases from international competitors. In order to compete globally, the local industry will need to develop its marketing, research and development capabilities to stay ahead of the pack and meet evolving consumer tastes.

- (iv) **Counterfeiting and Intellectual Property** – Consumer and Home goods require the development of strong brands as a competitive edge. Intellectual property infringements will be addressed to promote more investments in consumer goods, and product counterfeiting.

NIRP Action items (first phase)

- (i) **Product Standardization** – NIRP will work with the Standards Organization of Nigeria (SON) to identify gaps in product standards of specific Nigerian products, as compared with expected international benchmarks. NIRP will develop “Quality Enhancement Schemes” for these specific product lines, and work with the top 10 local producers in each product category, to enhance product quality and standards.
- (ii) **Detail out and widely publish expected Technical Standards on specific product Imports** - This will ensure that low-quality goods are not arbitrarily dumped in Nigeria at the expense of the local industry.
- (iii) **Value-Chain Partnerships**- The NIRP, working jointly with NEDEP, will roll-out value chain partnerships to link Nigeria’s medium and large scale businesses with MSMEs. This initiative will cluster MSMEs around specific products/services, and work with the larger corporates to explore ways of domesticating specific items currently imported within their value-chains.
- (iv) **Intellectual Property and Branding** - The NIRP will facilitate the consolidation of all intellectual property and trade mark regulations in Nigeria into a single agency/department with well-defined responsibilities. The Intellectual property agency/department will coordinate with SON and NAFDAC to enforce rules



against IP violations. NIRP will provide systems to ensure ease of reporting on IP violations, and clear guidelines on steps for enforcement. Nigeria will also improve coordination on patent enforcements with strategic partner countries.

- (v) **Research centers** – Refer to section on “NIRP Enabler: Innovation”.

[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP-Light Manufacturing” Document # NIRP\5\12]

7.4 Services

Scope – The services sector in the NIRP will initially focus on - formal retail, haulage, call centers, shared service centers, and engineering services. These are services that support and facilitate the growth of industry. Formal retail provides the distribution channel through which industrial goods reach the consumer; Haulage services are critical to industry because of movement of inbound and outbound freight for manufacturing plants; Call centers provide key business infrastructure which help companies reach consumers and obtain feedback, and Shared service centers are the platform for back-office operations that support industry. Engineering services provide foundational technical services to support the development of other sectors (details of Nigeria’s interventions in engineering services will be included in subsequent releases of the NIRP). The NIRP scope for services will be reviewed and expanded incrementally, with future releases of the industrial revolution plan.

Key Challenges:-

Over the years, robust and deliberate policies have not been sufficiently developed to support the growth of Service industries. In addition the absence of a comprehensive Industrial plan in the past has greatly inhibited growth of the Nigerian service sector. By some estimates between 30 percent and 55 percent of service sector jobs are linked to Manufacturing and Industrial activities. The industrial sector is therefore heavily dependent on the service sector, and vice versa.

NIRP Action items (first phase)

The NIRP’s immediate focus on the Service industry are:

- Retail and Formal Trade Sectors
 - Haulage Services
 - Call Centers
 - Shared service Centers (e.g HR, Accounts etc)
 - Engineering services
- (i) **Nigerian Service Hubs and Technology Cities** – The NIRP will actively support existing and new technology parks/cities in Nigeria by promoting international and domestic investments into those technology parks. The NIRP will also institutionalize administrative procedures (e.g. business registrations, tax payments etc) and create one-stop shops within these parks. Support will be provided in mobilizing funding for credible service providers who setup in these Technology Parks. NIRP will identify the top 20 global players in Call Centers and Shared Services worldwide, and engage each firm on specific proposals to setup within Nigerian Technology Villages. The NIRP will work very closely with the Ministry of Communication Technology, in this regard. The technology villages will have prioritized, high speed, telecommunication links to ensure reliable connections.
- (ii) **Strategic “Service Hub” Partnerships with Nigerian Universities** - Nigerian Universities already provide basic physical infrastructure to support viable Service Hubs in the country. The NIRP will engage Universities in each of the Geopolitical Zones to implement plans to use some of their facilities as Service Centers in joint ventures with the Private Sector.
- (iii) **Incentives Package** – The NIRP will develop a package of incentives for large scale investments in specific Service sectors (e.g. call centers and shared service centers) as a means of promoting investments in these sectors.



- (iv) **Skills Development** – Develop fast-track training courses (6 to 8 weeks) to provide basic skills needed for less complex service roles. Courses will be situated within Technology Parks or Partner Universities.
- (v) **Strategically targeting large corporates to locate back-office hubs in Nigeria** – Globally, multinationals are consolidating their internal back-office and transaction processing functions into specific country offices. The trend for some companies has been to aggregate these departments outside Nigeria. The NIRP will strategically target key corporates and multinationals with concrete proposals for them to make Nigeria the organizational service centers. The NIRP will engage these corporates to detail out the corporate requirements and needs to situate in Nigeria. NIRP will also facilitate decision making across government MDAs to realize corporate back-office consolidations in Nigeria.
- (vi) **Governance on Transport Corridors (for haulage)** – NIRP is implementing special initiatives around major transport corridors in Nigeria. The objectives are to organize major users of these transport corridors into governance committees where issues are raised, escalated, and resolved by the public and private sector. The identified transport corridors for the initial phase of the NIRP are listed as follows (i) Lagos-Abuja-Kano (ii) Lagos-Benin-Enugu-Port Harcourt (iii) Benin-Abuja-Kano (iv) Port Harcourt-Enugu-Makurdi (v) Katsina-Kano-Maiduguri
- (vii) **Organization of Formal Retailers (for retail)** – The industrial sector needs a well-developed formal retail sector (ie standard malls) to adequately distribute goods to consumers. Formal retail is essential to the development of industry because it creates integrity within the distribution channels, thereby reducing counterfeiting, and providing good channels to obtain consumer feedback. The NIRP will support the organization of formal retailers into groups and associations, in order to facilitate development within the industry.
- (viii) **Property access and registration (for retail)** – (Refer to chapter on NIRP Enabler “Investment Climate”, section on Registering property.)

[These are summarized NIRP action points. The detailed actions for this subsector are within the “NIRP-Services” Document # NIRP\5\1\3]



Chapter 8: NIRP Support Structures and Enablers

The Manufacturing Industry in any country requires a set of basic enablers to promote competitiveness and ensure long term sustainability. Beyond the NIRP's specific focus on Industrial Sectors (which have been discussed in earlier chapters), it will also address the broader issues of overall Industry competitiveness which will have spillover effects across the entire real sector of Nigeria.

in developed countries (i.e. using the United States, the United Kingdom, and Germany) as benchmarks.

8.1 Infrastructure



NIRP Enablers will have cross cutting effects within the NIRP Sectors, as well as across the entire Nigerian real sector.

The 7 NIRP Enablers are:

- (1) Infrastructure
- (2) Skills
- (3) Investment Climate
- (4) Innovation
- (5) Standards
- (6) Local Patronage
- (7) Finance

These levers will ensure that Nigerian manufacturers are costs competitive when compared to developed and key emerging markets, especially in the areas of low and medium-tech products. The NIRP will target achieving a 20 to 30 percent operating cost advantage in Nigeria, in strategic sectors, as compared to manufacturing the same products



Sample: Jubail Industrial City, Saudi Arabia

Importance of Infrastructure

Key to the development and Industrialization of Nigeria is the extent to which the government and private sector can develop and maintain vital infrastructure such as power, roads, rail, ports and other facilities. The current infrastructure gap in Africa is estimated to be \$93 billion annually (40 percent of which is power), or roughly one trillion dollars over the next decade, whilst in Nigeria according to the African Development Bank the infrastructure gap is believed to be \$350 billion aggregated. To achieve industrialization and inclusive growth, industries must have access to reliable and affordable infrastructure.



Although the Federal Government, State Governments, Key ministries and institutions, such as ICRC (Infrastructure Concession Regulatory Commission) and Infrastructure Bank, have played a vital role in the development of infrastructure for years, there are still major gaps in the availability/quality of infrastructure and access to infrastructure in Nigeria. It is expected however, that the landmark reforms of the administration of President Goodluck Jonathan, especially in the area of electric power, will address major constraints starting from 2014 and 2015.

The NIRP focuses first on industrial infrastructure. It centers on creating Industrial Cities, Industrial Parks, and Industrial Clusters in Nigeria. These will provide the required infrastructure, incentives, and streamlined regulations available in world-class manufacturing hubs anywhere else in the world.

Current challenges in Nigeria:

1. **Power** – Nigeria currently produces between 2,000 MW and 3,000 MW of electricity, while national demand is estimated to be well in excess of 12,000 MW. Manufacturing companies in Nigeria are left to use natural gas, diesel, or low-pour-fuel-oil (LPFO) to self-generate power, which significantly increases operating costs. The higher costs are either absorbed by companies (which reduces their ability to expand and grow), or passed on to consumers (which reduces sales volumes, and increases living costs). The effect of the Nigerian power supply, makes the costs of manufacturing locally about a third more expensive than international benchmarks, for most products.
2. **Transport** – Inland freight costs in Nigeria are high due to inadequate rail, and road infrastructure in the country. Nigeria currently has 3,500 km of narrow gauge rail and 329km of Standard gauge rail, Until recently when the Nigerian government commenced significant rehabilitations of key lines like the Lagos-Kano line, very little improvements had been made to Nigeria's rail lines in the past. The high costs of domestic transportations leads to high product distribution costs, and has resulted in manufacturing plants situating as close as possible to their consumers and to large markets (like Lagos, Port Harcourt etc).
3. **Industrial Zones** – Existing areas demarcated as Industrial Zones have not been adequately equipped with proper infrastructure and regulations. Even in many areas identified as Free Trade Zones with numerous incentives, Investors are sometimes unwilling to situate within them, because of weak infrastructure. For other existing natural industrial clusters (i.e. not declared by government), there has historically been insufficient planning between various government MDAs on services to be rendered to those clusters e.g. the Ministry of Power needs information on power demand within each industrial area; the Ministry of Transport needs the coordinate locations of clusters; the Ministry of Science of Technology needs information on research needs within each cluster etc.
4. **Ports** – Nigeria's port infrastructure and related cross-border services currently add to costs of doing business in the country. According to the World Bank, it costs much higher, and it takes longer to transact at Nigeria's ports than at most other emerging markets, and other neighboring African countries.
5. **Funding** - Availability of affordable funding for development of vital infrastructure. The Nigerian government is already burdened with significant demands from all sectors of the economy, and therefore cannot fund infrastructural needs alone.
6. **Population and Location dynamics** – Nigeria's population of 167 million growing at 3.2 percent per annum, and a 50 percent urbanization rate, puts immense pressure



on public infrastructure. Most Nigerians live in Cities and Urban areas, which are the same places in which manufacturing plants are located (because of the need to reduce the distance to markets, and cut freight costs). This has led to undue pressure on existing infrastructure and competition between residential, commercial, and industrial uses of Infrastructure within very high density areas.

7. **Institutional Weakness** – Inadequate institutional capacity to facilitate and orchestrate the development of key Infrastructure to support industry. No government agency currently has the primary responsibility to drive industrialization through the development of industrial hubs able to support world-class manufacturing.

NIRP Goals

- Reduce the Costs of Infrastructure to Nigerian businesses (i.e. power costs and transport costs)
- Provide reliable levels of infrastructural support to Nigerian manufacturing plants.
- Develop General purpose and Specialized Industrial Cities in strategic locations of the country, along existing rail lines (or transport corridors) and existing (or proposed gas pipelines).
- Develop smaller sized industrial parks and Clusters built around endowments and existing assets of States and Local Governments.
- Establish or assign institutions to continue the development and operations of manufacturing hubs all over Nigeria.
- Prioritize access to power for key industrial clusters and centers.

NIRP actions

- (i) **Reposition NEPZA as agency to promote Industrial Development in Nigeria** – The role of the “Industrial Development Agency” will be to promote the Industrialization of Nigeria by facilitating the development of manufacturing hubs, zones, and

cities across the country. The agency will be responsible for conceptualizing and executing transformational industrialization zones and centers for the benefit of the country. Its role will include – development of Industrial Cities, Industrial Parks, and Industrial Clusters ; Regulation of those manufacturing hubs; Facilitating infrastructural development for the hubs; Applying incentives to Industrial areas as needed (e.g. for Free trade zones, export processing zones etc) and Marketing such hubs to local and foreign investors. The transformation of NEPZA will require a change of the NEPZA Act; it will also need internal reorganization, and new skills\ capabilities.

Timeline: Q2 2014

Primary Responsibility: NEPZA

Other Stakeholders: NPA, National Assembly

- (ii) **Establish 8 Industrial Cities (Initial stage)** Facilitate the development and\ or declaration of 8 Industrial Cities in Nigeria. These Industrial Cities will be delineated areas, with dedicated bulk and internal infrastructure to support Industry and manufacturing. Various models will be adopted including public sector developed, private sector developed, and public-private developed Cities. All the 8 Industrial cities will have combined land size between 6,000 to 10,000 hectares, and between 700 MW to 1,200 MW combined captive power capacity (target is to have 22/7 power in the industrial Cities).

Industrial Cities will have the following features:

- Scale- at least 1000 hectares each
- Infrastructure- captive power and internal roads
- Support Services- e.g. Financing, Standards etc.
- Target Investors- strategically target local and international companies.



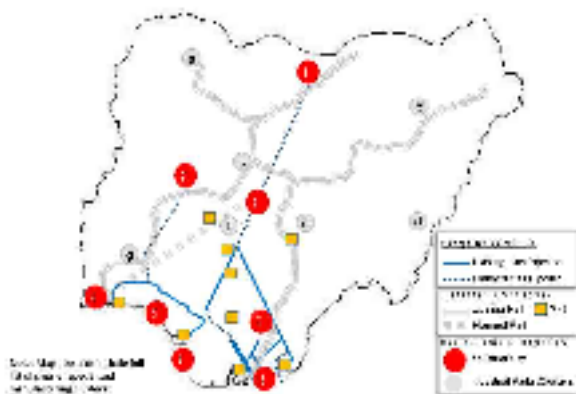
Identified Cities for Stage 1 of the NIRP are – Akwa Ibom Industrial City, Abuja Industrial City, Enugu Industrial City, Eko Industrial City, Ogidigben Petrochemical City, Olokola Industrial City, Kano Industrial City, and Niger Industrial City.

Timeline: Q4 2014

Primary Responsibility: NEPZA

Other Stakeholders: Key State Governments, MITI, NPA, Ministry of Petroleum Resources, Ministry of Mines and Steel, Ministry of Power, Ministry of Transport

Figure 32– First Phase of Industrial cities in Nigeria



(iii) **Establish other Industrial Cities (Second Stage)** – Facilitate the development and/or declaration of more Industrial Cities in Nigeria. These Industrial Cities will be delineated areas, with dedicated bulk and internal infrastructure to support Industry and manufacturing. Various models will be adopted including public sector developed, private sector developed, and public-private developed cities.

“Second Stage” Cities will be identified subsequently

Timeline: Q1 2015

Primary Responsibility: NEPZA

Other Stakeholders: Key State Governments, MITI, NPA, Ministry of Petroleum Resources, Ministry of Mines and Steel, Ministry of Power,

Ministry of Transport

(iv) **Roll-out Specialized Industrial Parks and Clusters** – Smaller sized Industrial Parks and Clusters to be established in every State of the Federation. As part of the Nigeria Enterprise Development Plan (NEDEP) programme, for MSMEs, the existing 23 Industrial Development Centers (IDC’s) in Nigeria will be converted into Industrial Parks targeted at MSMEs. Industrial parks will be aligned to sectors and products that have comparative advantages and use endowments within the State and Local governments in which they are located. This action item is an anchor initiative of NEDEP and the NIRP will partner with NEDEP on these.

Timeline: Q3 2014

Primary Responsibility: SMEDAN, NEPZA

Other Stakeholders: MITI, State Governors, BOI, Ministry of Agriculture, Ministry of Mines & Steel, Ministry of Communication and Technology, Ministry of Science and Technology

(v) **Industrial Energy Planning and Scheduling** – Develop energy audit for existing and planned industrial capacity in Nigeria. This will involve identifying in each State of the Federation, all manufacturing hubs and major areas of Industrial production. The estimated energy needs of all Industrial manufacturing hubs will be included in Nigeria’s energy dispatch considerations, and used in planning the electric power sector.

Timeline: Q2 2014

Primary Responsibility: NEPZA, Ministry of Power Resources

Other Stakeholders: Key State Governments, MITI, Manufacturers Association of Nigeria

(vi) **Rationalize existing FTZs, and improve their services and operations** – Nigeria currently has 27 Free Trade Zones with different levels of advancement and operations. A



number of FTZs have not been provided with requisite infrastructure, and do not have any businesses setup within them. Nigeria will review all FTZs, and rationalize the list to a smaller list of specific Zones that can be effectively developed and monitored. State governments will play a strong role in providing infrastructure for FTZs (or Industrial Cities) in their area. Incentives within operational FTZs will also be reviewed in detail to remove any existing abuses of the system.

Timeline: Q3 2014

Primary Responsibility: NEPZA

Other Stakeholders: Key State Governments, FTZ sponsors

- (vii) **Consolidate Industrial Support Systems, in new Industrial Cities, and in existing Industrial Zones** – NIRP will develop and implement an operating model to ensure all Industrial support requirements are always available within Nigeria’s industrial Zones and Cities. These will include – support for Skills and training, Innovation, Standards, Streamlined Regulations, and Financing.

Timeline: Q4 2014

Primary Responsibility: NEPZA and MITI

Other Stakeholders: Ministry of Education, Ministry of Science and Tech, Standards Organization of Nigeria, ITF, NIPC, CAC, BOI, FIRS, State Governments

- (viii) **Incorporate needs of Industry and Trade in implementation of National Integrated Infrastructure Master Plan** – NIRP will ensure adequate Industry representation in the governance committee developing and implementing the Nigeria infrastructure master plan.

Timeline: Q2 2014

Primary Responsibility: MITI, Ministry of National Planning

Other Stakeholders: Ministry of Works, Ministry of Transport, Ministry of Power

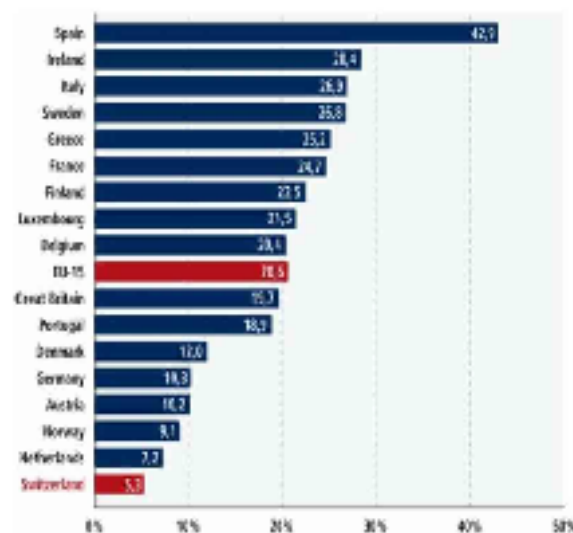
8.2 Skills



Importance of Skills Development

The development of Industrial skills is one of the most critical issues facing Nigeria today. The emphasis on skills development globally is increasingly on “employable skills”- which are the practical and immediate skills needed by companies in the market place. Most skills in this category are categorized under Technical and Vocational Education (TVET). Nigeria must solve the current paradox, where on the one hand many youths are unable to find jobs, while on the other hand companies claim they have jobs available but cannot find people with requisite skills. There is therefore a gap in skills developed, and industry needs.

Figure 33 - Youth Unemployment and Level of TVET (European Countries)





As the Figure shows, countries that invest more in technical and vocational education (TVET), tend to have lower youth unemployment rates. European countries that rank poorly on specialized training, also have higher youth unemployment rates.

The skills needed for development of industry are wide ranging from design, metal works, fabrication, instrumentation, electronics, wood works, construction, trading, plastic works, and many others. These are all necessary for creating, and supporting the products and processes needed in industrial development. It should also be noted that the relationship between innovation and skills is a virtuous cycle in the long term – as the skills of the workforce and management determine the innovation that takes place within the industrial sector, and vice versa.

The NIRP's focus is to match skills development to real jobs.

Current challenges in Skills development in Nigeria:

1. **Skills development not aligned to Market Needs** – There is a significant gap between growth areas in the economy, and the skills development areas in Nigeria's Universities, Polytechnics, and other training institutes. Skills development is not having the desired impact on reducing the unemployment rate.
2. **Lack of nationwide access to skills development facilities** – Technical and vocational skills development facilities and equipment are not widely available in the country.
3. **Insufficient real work experience** - The strongest means of developing industrial skills comes from hands-on experience. Many Nigerians are unable to put their skills to use after lengthy training periods, which leads to an erosion of competence due to lack of practice.'

4. **Rigid skills development programmes** - Existing skills curriculums in Nigeria have rigid structures, with hard pre-determined start and end dates. A well-developed technical skills development programme should provide the flexibility to allow participants enter programmes at different levels, at varying paces, and gradually increase their certified proficiencies, as both work experience and classroom time is gradually attained.
5. **Insufficient tutors** – Nigeria needs its tutors in technical and vocational education to maintain minimum standards of self-proficiency, and engagement in global trends, to ensure those skills are imparted on trainees.

NIRP Goals

- Matching Industrial skills development to needs of Industry
- Enhancing Industrial skills development levels to minimum international standards
- Reduction in the unit costs of training

NIRP Actions

- (i) **National Skills Gap Assessment** – NIRP is working with the United Nations Industrial Development Organization (UNIDO) to evaluate economic and Investment trends in Nigeria, and estimate the skills needed in Nigeria over the medium to long term. This assessment will serve as the basis to inform government investments in skills development in Nigeria.

Timeline: Q3 2014

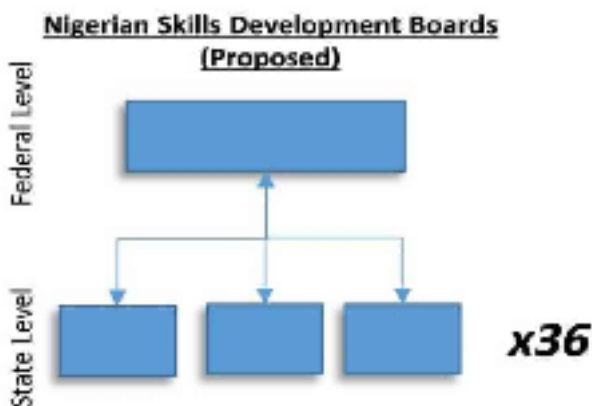
Primary Responsibility: MITI, UNIDO, ITF

Other Stakeholders: Ministry of Education, Organized Private Sector, Ministry of Science and Technology, Ministry of Youth Development



(ii) **Industrial Skills Governing Councils at Subnational Level** – Industrial Skills Councils will be setup in each State of the Federation and constituted of – Private sector educationalists, Private industrialists (in those States,) Key trade groups, the ITF other stakeholders. These will serve as a key interface between the Stakeholders who develop skills, and those who need skills. By creating Skills Councils at the State level, NIRP ensures recommendations on industrial skills development are practical, tangible, and immediately implementable based on local needs. NIRP will ensure skills developments tie to local needs, and the immediate opportunities with employers. A Federal Skills Council (i.e. at the National Level) will also be created to provide broad guidance to initiatives implemented across all the States.

Figure 34 – Industrial Skills Councils will be created at the Federal and State Levels



Timeline: Q2 2014
Primary Responsibility: ITF, MITI, Ministry of Education
Other Stakeholders: State Governments, ITF, Manufacturing groups in States,

(iii) **Restructuring Industrial Training Fund (and Partnerships with SENAI Brazil)** – NIRP will reform the ITF to operate using the SENAI (Brazil) model for vertical skills development, and using the German model for internship programmes. Governance of the ITF will be expanded to include more private sector inputs.

Timeline: Q4 2014
Primary Responsibility: MITI, ITF
Other Stakeholders: Organized Private Sector,

(iv) **Job Matching Systems** – NIRP will develop a standard platform to collate and track youths developed within key skills enhancement programmes (e.g. by ITF, and others). These platforms will contain work skills proficiencies, levels of work experience, and may contain professional references. These will serve as platforms for employers to search and find candidates that meet specific skills\experience profiles they require. We expect this to reduce search costs for qualified candidates and significantly enhance the ability for Nigerians to put their skills to work (even for short term assignments). It will therefore unlock the market for temporary and short term work. The NIRP will make this the preferred place for employers to seek individuals with technical and vocational skills.

Timeline: Q1 2015
Primary Responsibility: MITI, ITF
Other Stakeholders: Organized Private Sector

(v) **Certified Private Sector Industrial Skills Centers** – NIRP will facilitate the inclusion and certification of credible private sector providers, who provide facilities, equipment, and curriculum, recognized under the government’s industrial skills acquisitions programmes.

Timeline: Q1 2015
Primary Responsibility: MITI, ITF
Other Stakeholders: Private Educationalists, Ministry of Education

(vi) **ITF Curriculum** – NIRP will review the ITF curriculum to emphasize depth over breadth. Specific skills groups will be emphasized based on national needs and investment trends as forecasted over the next few years. The ITF curriculum to be standardized, and updated to be flexible, progressive, and with milestone training



programs recognizing increasing levels of proficiency.

Timeline: Q3 2014

Primary Responsibility: MITI, ITF

Other Stakeholders: Private Educationalists, Ministry of Education

(vii) **International Partnerships with strategic TVET institutions** – NIRP will facilitate ITF’s strategic partnerships with key international TVET institutions in their respective areas of strength.

Timeline: Q1 2015

Primary Responsibility: MITI, ITF

Other Stakeholders: Private Educationalists

8.3 Innovation



Importance of Innovation

Innovation is what underpins sustainable evolution, modernization, and improvements in Industrial activities. While the manufacturing sector needs innovation to succeed, it is also a key source of innovation as well. The lack of innovation is one of the greatest obstacles hindering the manufacturing sector in Nigeria; as it hinders the sectors ability to use technology to mitigate the effects of other constraints in the country. The Nigerian manufacturing sector needs new processes, procedures, and automation of activities to be internationally competitive.

Nigeria should prioritize adapting existing technologies to meet local needs, and also commence the process of developing (and commercializing) homegrown technologies. Innovation is also a key driver of enhanced productivity, which enhances competitiveness. Some innovation areas for Nigeria to build competence include – resource efficiency, material technologies, raw materials technologies, food processing techniques, instrumentation, etc.

Current challenges in Nigeria

1. **Low critical mass in scientific fields**– Nigeria has not developed sufficient critical mass of experts in basic sciences and technologies. Today, most Nigerian youth are focused on financial and social science disciplines in order to get jobs. Furthermore, most students within scientific and technology fields end up in social science jobs upon graduation, and therefore do not grow in their technical disciplines. As a result Nigeria does not have enough youth tutors, and practicing experts in technical disciplines.
2. **Inadequate Equipment** – Innovation requires equipment, laboratories, and advanced tools, to develop new concepts and test results. In many countries the large Industrial private sector provide assets necessary to test new projects, however many Nigerian companies have not sufficiently invested in these.
3. **Inadequate Information Sharing** - Innovation requires constant interactions between researchers, to build on existing ideas, and to deepen the overall community’s knowledge base. Nigeria needs to codify its knowledge base, track its experts, and understand where the innovation assets are in the country. This is to help government and the private sector better find and deploy these knowledge assets.
4. **Weak or no interaction between Academia, Industry, and Government** – Interaction between Academia, Industry, and Government is inadequate, or in many



cases lacking. Researchers are not sure if industry is interested in their projects, which leads to fatigue and sometimes disillusionment. Industry on the other hand are unaware of the many promising local researchers that could solve a number of their real operational challenges. As such Nigeria has not been able to develop its own technology-niche and group of proven and tested Nigerian technologies. Also, Government has historically not adequately facilitated interactions between industry, academia, and the public sector

5. **Unclear Commercialization Path** – The early stage and seed financing market is thinly capitalized with very few players. The path to commercialize new technologies and research is unclear.
6. **Enforcement of Intellectual Property** – Nigeria has already established the broad framework for adequate protection of intellectual property rights, however the enforcements of those rights are currently challenging.

NIRP actions

1. **Adopt and Implement ‘Triple Helix Model’ as basis for Nigerian innovation** – The NIRP will work with the Federal Ministry of Science and Technology to implement the “Triple Helix Model” in Nigeria. The Triple Helix will facilitate structures and initiatives to bring together Academia, Industry and Government.

Within the Triple Helix, Nigerian Academia will provide the theoretical and technological foundation; Nigerian Industry will serve as the route to production and commercialization; and Government will facilitate the contractual framework and incentives to encourage academia and industry working together.

Timeline: Q3 2014 (to complete first Nigerian Triple Helix plan and commence implementation)

Primary Responsibility: MITI, Ministry of Science and Technology, Ministry of Information and Communication Technology

Other Stakeholders: Ministry of Education, Research Institutes, Key Industrialists

2. **Nigeria’s Industrial Innovation Week** – Organize and host Nigeria’s first ever week for Industrial Innovation (a first concrete step in implementing the Triple Helix). The event and workshops will create a platform for Nigeria’s largest industrialists, to meet with Nigeria’s researchers academics and public sector policy makers. The Nigerian Industrial Innovation Week will set a research agenda in key sectoral and skill areas. Industry will provide information on their needs; and researchers will showcase promising technologies that are ready to be commercialized.

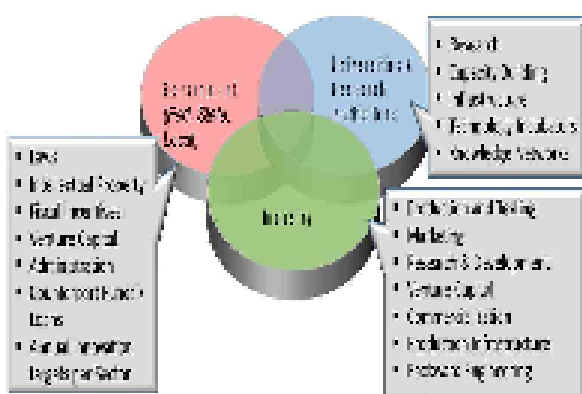
Timeline: Q2 2014

Primary Responsibility: MITI, Ministry of Science and Technology, Ministry of Information and Communication Technology

Other Stakeholders: Ministry of Education, Research Institutes, Key Industrialists

3. **Knowledge Networks** – The NIRP will develop knowledge networks bringing together Nigeria’s best and brightest in specific disciplines. These networks will ensure experts are constantly in touch with each other, and can shape their individual agendas with input from other experts. As a first phase, networks will be created in 10 key disciplines (or areas) and constantly

Figure 35 – The world renowned Triple-Helix model: linking research, industry, and government





provided with feedback from Industry on challenges and opportunities for research.

Timeline: Q2 2014

Primary Responsibility: MITI, Ministry of Science and Technology, Ministry of Information and Communication Technology

Other Stakeholders: Ministry of Education, Research Institutes, Key Industrialists

4. **Annual Innovation goals for each Sector** – NIRP will define sectoral innovation targets each year (only one or two per sector). This will push the frontier of what Nigerian technology can do, and encourage companies to localize technologies to meet these targets. Government will establish specific incentives for achievement of sectoral innovation targets. The targets set will be in line with national priorities e.g. energy efficiency, raw materials technologies, food processing techniques etc.

Timeline: Q2 2014

Primary Responsibility: MITI, Ministry of Science and Technology

Other Stakeholders: Ministry of Education, Research Institutes, Key Industrialists

5. **Develop National Venture Capital Framework** – Update existing Nigerian legal framework, and institutional support, available to the Venture Capital Industry. The goal is to increase the number of operators and funds available within the Nigerian venture capital market. Emphasis will be on formalizing the venture capital market, which is currently done ad-hoc by investors in the country. Institutional support will be given to enable venture capital firms to meet threshold capitalization, and support them in getting access to information on investments and startups in the country. The key output of this action item will be a Nigerian Venture Capital Legal, Regulatory, and Institutional Framework. This initiative is part of a larger reform of Nigeria's Financing Value-Chain (Refer to Section on "NIRP Enablers: Financing").

Timeline: Q2 2014

Primary Responsibility: MITI, CBN

Other Stakeholders: Ministry of Finance, Nigerian Commercial Banks

6. **Innovation Clusters, Science Parks, and Incubators** – NIRP will work with the Ministry of Science and Technology, and the Ministry of Information and Communication Technology, to develop Innovation Clusters, and incubation programmes to aggregate researchers and better co-ordinate efforts. In the first phase of NIRP, six technology incubators will be created in Nigeria's six geo-political Zones and affiliated with Universities.

Timeline: Q4 2014

Primary Responsibility: MITI, Ministry of Science and Technology, Ministry of Information & Communication Technology.

Other Stakeholders: Nigerian Commercial Banks, Ministry of Education, Key Nigerian Universities

7. **Integration of Existing Reverse Engineering Efforts with Industry** – To develop home-grown technology, Nigeria must first understand how existing widely used technologies work. NIRP will build a list of annual reverse engineering targets for specific sectors. List will be circulated to existing research and development institutes in Nigeria to include in annual targets. Provide incentives to encourage research institutes that meet the reverse engineering targets. It should be noted that Nigeria will only use these replication efforts to build know-how, test our systems, and develop internal understanding on widely available technologies. Nigeria will respect all its intellectual property commitments, and ensure any commercialization of existing technologies are adequately patented from global owners. Nigeria will not support counterfeiting. These policies will be in specific industrial sectors where Nigeria wants to become a global technology leader, and will include equipment, process, and product replication.



Timeline: Q4 2014

Primary Responsibility: MITI, Ministry of Science and Technology.

Other Stakeholders: Research Institutes

8. **Consolidation and Deepening of Intellectual Property capacity and responsibilities** –

The NIRP will facilitate the consolidation of all intellectual property and trade mark regulations in Nigeria into a single agency\department with well-defined responsibilities. The Intellectual property agency\department will be coordinated with SON and NAFDAC to enforce rules against IP violations. NIRP will provide systems to ensure ease of reporting on IP violations, and clear guidelines on steps for enforcement. It will also improve coordination on patent enforcements with strategic partner countries.

Timeline: Q4 2014

Primary Responsibility: MITI, Ministry of Justice

Other Stakeholders: Ministry of Education, Research Institutes, Key Industrialists, Ministry of Science and Technology

invest in Nigeria, as against any other country (especially in the non-oil sector). The investment climate will therefore drive Nigeria’s ability to raise foreign investment, encourage local expansions, and will therefore affect the national growth rate.

We define a good investment climate as the combination of a number of factors:

- (i) **Macroeconomic Stability** – Good fiscal policies, low national debt to GDP, low inflation rates, stable exchange rates, and strong overall growth rates etc
- (ii) **Governance and Administration** – Quality of the legal landscape, contract enforcement, commercial justice, definition of sectorial regulations, application of sectorial regulations, land and property rights, tax administration, access to credit, labour laws, insolvency, anti-competition laws, consumer protection, policy consistency, fiscal and tariff regimes etc
- (iii) **Infrastructure Operations** – Port and Customs operations, electricity connections, access to water ways, access to rail, etc

8.4 Investment Climate



Importance of Investment Climate

The Investment Climate determines the ease and costs of doing business in any country. It determines why an investor would choose to

NIRP Benchmarks

The ultimate validation of the success from Nigeria’s efforts in reforming its investment climate will come from domestic and foreign investors.

Our Measure of Success

Nigeria believes that all international benchmarks on Investment Climate and Competitiveness, can only serve as broad outlines to organize our investment climate reforms. These benchmarks cannot serve as the source to validate Nigeria’s efforts on reform. The true measure of success will come from the real companies and people in Nigeria who do business, and our ability to improve their operations, make their lives better, enshrine more confidence, and provide conditions that help them grow their businesses.



NIRP will broadly use two benchmarks in planning its' work on Investment Climate reforms. These are the "World Bank Ease of Doing Business" indicators, and the "World Economic Forum Global Competitiveness Rankings". It should be noted that these indicators are not perfect calibrations of the Investment Climate, but provide a framework to plan NIRP's efforts.

NIRP Primary Benchmark- Investment Climate

The NIRP will use the indicators of the World Bank Ease of Doing Business Indicators to guide parts of its Investment Climate reforms. Indicators of the World Bank Ease of Doing business rankings are more operational and can be changed in the near to midterm with specific regulatory, administrative, or legal changes.

Figure 36 - Nigeria on World Bank Ease of Doing Business Rankings in a total 189 countries (DB 2014)

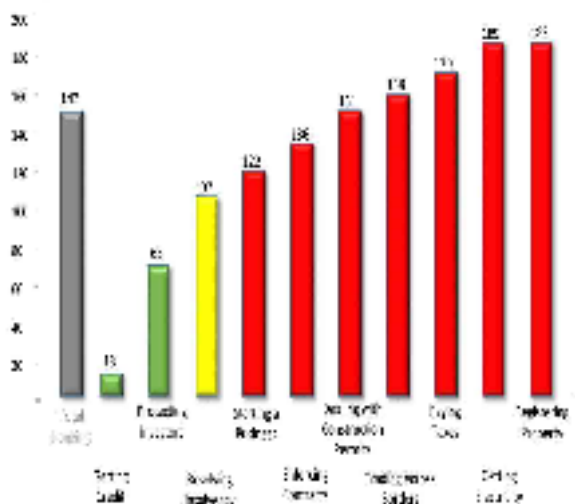


Figure 37 – Details of what is measured on the World Bank Survey

S/N	Indicator	What is measured
1	Registering Property	(i) Number of procedures (ii) Time to register in days (iii) Cost as % of property value

2	Getting Electricity	(i) Number of procedures (ii) Time to register in days (iii) Cost as % of income per capita
3	Paying Taxes	(i) Payments (number per year) (ii) Time (hours per year)
4	Trading across Borders	(i) Documents to export and import (ii) Time to export and import in days (iii) Cost to export to import (US\$ per container)
5	Dealing with Construction Permits	(i) Number of procedures (ii) Time in days (iii) Cost as % of income per capita
6	Enforcing Contracts	(i) Time in days (ii) Cost as a % of the claim (iii) Number of procedures
7	Starting a Business	(i) Number of procedures (ii) Time in days (iii) Cost as % of income per capita (iv) Paid in Minimum Capital as % of income per capita



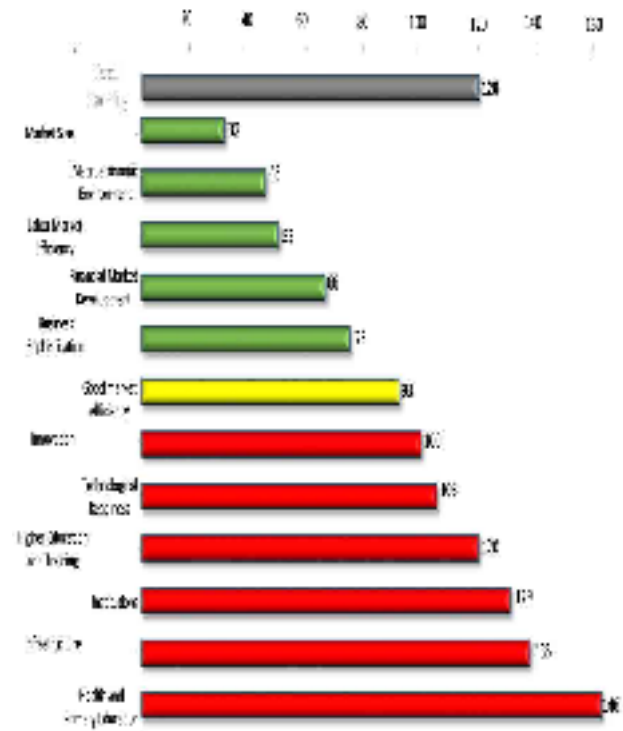
8	Resolving Insolvency	(i) Time in Years (ii) Cost as a % of estate (iii) Outcome (0 as piecemeal sale and 1 as going concern) (iv) Recovery rate (cents on the dollar)
9	Protecting Investors	(i) Extension of disclosure index (0 to 10) (ii) Extent of director liability index (0 to 10) (iii) Ease of shareholder suits index (0 to 10) (iv) Strength of Investors protection index (0 to 10)
10	Getting Credit	(i) Strength of legal rights index (0 to 10) (ii) Depth of credit information index (0 to 6) (iii) Public registry coverage (% of adults) (iv) Private bureau coverage (% of adults)

The NIRP will use these indicators to guide its Investment Climate interventions.

NIRP Secondary Benchmark - Investment Climate

The NIRP will use the indicators of the World Economic Forum Global Competitiveness Index as reference points to evaluate broad aspects of Nigeria's Investment Climate Reforms. Indicators of the WEF GCI rankings are significantly more structural and require longer periods to effect change.

Figure 38 – Nigeria on World Economic Forum Global Competitiveness Rankings, in a total 148 countries (2013 to 2014)



Current challenges in Nigeria

- Proper Implementation of Policies and Regulations** – Nigeria needs to ensure that specific policies already approved and adopted by the government (to improve the Investment Climate), are properly and adequately implemented by relevant agencies. The performance of implementing agencies need to be objectively and transparently reported to Nigerian decision makers, to ensure results of key policy decisions are clear and unambiguous.
- Aligning Federal Government Investment Climate Policies, with State Level and Local Government Policies-** While the Nigerian Federal Government sets broad direction on national Investment Climate policies; many subnational (State and Local government) practices are not in alignment with the Federal Government's direction.



3. **Some outdated Investment regulations and laws-** A number of laws, policies, and regulations need to be reviewed in line with demands of a modern economy. Focus should be on reducing time to complete administrative tasks, and reducing unnecessary costs to business.
4. **Fragmented and Unavailable Information on Investment Landscape** – Many investors are unclear as to actual official regulations, policies, and laws, that should apply to their situation. This has historically led to difficulty when investors want to enforce their rights.
5. **Inadequate issue escalation mechanism** – Many investors are not aware of official channels through which to escalate specific issues they face with agencies or implementing officers. Insufficient information on how to escalate to appropriate senior-level decision makers to resolve issues.

NIRP actions

1. **Expand Investment Climate Reform Programme** – NIRP currently has Investment Climate Reform programmes with the support of specific International Development agencies. Investment Climate Reform programmes to be expanded with specific mandate to address the following pillars:
 - a. **Registering Property (Q2 2014)**
 - i. Support Nigeria's two largest States (Lagos and Kano) to automate the land registration approval system
 - ii. Advise Nigeria's two largest States (Lagos and Kano) on proposals to reduce land registration costs, and fees applied in using land as security for borrowing
 - iii. Roll-out the best practices developed from these two largest States into all other States in Nigeria

b. Getting Electricity (Q2 2014)

- i. Engage Ministry of Power and NERC on official procedures to connect new businesses to electricity
- ii. Obtain information on required procedures for new electricity connections. To be collected from newly privatized distribution companies.
- iii. Publish "Connection information sheet" at Ministry of Industry, Trade, and Investment and Ministry of Power. Information sheet will contain procedures for new connections in each of the 11 distribution companies, contact persons in each State, and escalation mechanisms.
- iv. Agree maximum number of days for new electricity connections (from application to connections) with newly privatized Distribution Companies.

c. Paying Taxes (Q2 2014)

- i. Engage with Ministry of Finance and IFRS on completion of ITAS system, which is expected to streamline tax payment procedures in the country
- ii. Engage all States of the Federation on developing a compendium of all agreed taxes at the Federal and State Level
- iii. Publish all official Federal, State, and Local Government taxes on website of Ministry of Finance and Ministry of Industry, Trade, and Investment, and other relevant sites.

d. Trading Across Borders (Q2 2014)

- i. Engage Nigerian Customs on completion of the Single Window System to fast-track procedures at the ports
- ii. Setup Multi-Stakeholder committee to fast-track implementation of Single Window System
- iii. Develop monthly KPI monitoring system to report on clearing times at Nigeria's ports

e. Dealing with Construction permits (Q2 2014)

- i. Support Nigeria's two largest States and Local Governments (Lagos and Kano)



- to streamline procedures for obtaining construction permits
- ii. Support Nigeria's two largest States and key Local Governments (Lagos and Kano) in reviewing fees paid for construction permits

f. Enforcing Contracts (Q2 2014)

- i. Engage the Nigerian Federal Ministry of Justice, and the Nigerian Judiciary, on modalities to run Commercial Courts in Nigeria
- ii. Support Ministry of Justice in facilitating capacity development on commercial issues for targeted judges in the country.

g. Starting a Business (Q2 2014)

- i. Reduce registration fees for business registration (introduce reductions on statutory fees, capital registration fees, and stamp duties)
- ii. Implement and sustain 24 hour business registration from anywhere in Nigeria (deploy online registration systems at CAC)

h. Resolving Insolvency (Q2 2014)

- i. Develop updated bill on Insolvency and bankruptcy in Nigeria
- ii. Commence passage into law at National Assembly

i. Protecting Investors (Q2 2014)

- i. Finalize unified code of corporate governance under development at the Financial Reporting Council (FRC).

Timeline: Q2 2014

Primary Responsibility: MITI

Other Stakeholders: Lagos State Government, Kano State Government, Ministry of Finance, Ministry of Justice, Nigerian Customs, Ministry of Power, Power Distribution Companies (new private sector owners), CAC, FRC, NERC, Nigerian Customs, FIRS

2. OECD Policy Framework for Investments

– Apply the OECD Policy Framework for Investments to evaluate Nigeria's existing Investment Laws, Investment policies, and Investment Regulations. Evaluate along key dimensions of Investment Promotion, Investment Facilitation, Trade Policy, Corporate Governance, and Competition Policy. Commence programme with OECD to address gaps identified in Nigeria's Investment Landscape. This is a strategic tool to provide comfort to international community on Nigeria's Investment climate reforms.

Timeline: Q3 2014

Primary Responsibility: MITI and NIPC

Other Stakeholders: Lagos State Government, Ministry of Justice, CAC, Nigerian Customs, Ministry of Power, NERC, FRC,

3. National Competitiveness Council of Nigeria (NCCN)

– Create a Competitiveness Council in Nigeria as a joint public-private initiative to mobilize action towards resolving constraints in Nigeria's competitiveness and productivity. The Board of the Competitiveness Council will be constituted mainly of private sector leaders, and augmented by strategic members of the public sector, to facilitate policy implementation. The Competitiveness Council will mobilize the private sector around major pillars hindering competitiveness and productivity in Nigeria. The Council will advocate and take actions to change laws, change policies, change regulations, measure performance indicators, push for improved policy implementations, and facilitate a continuous national conversation between the private and public sector on issues of competitiveness and productivity.



Timeline: Q4 2013

Primary Responsibility: MITI and Private Sector

Other Stakeholders: NIPC, State Governments,

4. **Establish NIPC Doing Business Committee**

– The Doing Business Committee is a government inter-agency committee setup to review issues relating to regulatory and policy constraints on the business environment. The Doing Business Committee will have a Technical Committee which evaluates regulatory details and their impact on businesses. The Doing Business Committee will facilitate changes as needed, through government channels. The Doing Business Committee is entirely public sector, and will work closely with the NCCN (which is a private\ public body) to address regulatory, policy, and legal roadblocks. The Doing Business Committee will also serve as a standing location to receive ideas and recommendations, from Industry on specific practices or policies that are hurting the private sector.

Timeline: Q1 2013

Primary Responsibility: MITI and NIPC

Other Stakeholders: NPC, NERC, Customs, FIRS, Ministry of Justice, all relevant MDAs as selected

5. **Competition and Consumer Protection Laws, Policies, and Regulations**

– Nigeria to develop policies and laws that promote market competition and regulate anti-competitive conduct by companies. Emphasis will be on promoting fair trading within Nigeria’s boundaries. Nigeria’s competition law will prohibit agreements (or tacit understandings) between companies that restrict free trading and competition and repression of free trade by cartels. It will regulate and penalize anticompetitive behavior in areas such as – predatory pricing, price gouging, refusal to deal etc. Nigeria will also update its consumer protection laws to enforce the rights of consumers. It will improve requirements on product disclosure,

encourage consumer associations, and create formal channels for consumer complaints.

Timeline: Q3 2014

Primary Responsibility: MITI and Consumer Protection Council

Other Stakeholders: National Assembly

6. **Update of Nigerian Investment Incentives**

– Nigeria’s existing list of Investment incentives administered by the NIPC and other MDAs need to be overhauled. The objective is to make these Incentives more targeted, more effective, and ensure the benefits are worth the costs. Increasingly, Investors have communicated to government that without adequate infrastructure and streamlined regulations, the impact of incentives becomes weakened. Nigeria will update its incentives scheme and develop them along four dimensions:

- a. **Geography** – to encourage investment in certain less developed parts of Nigeria.
 - b. **Sector** – to encourage investments into specific strategic sectors (e.g. pioneer sectors).
 - c. **Exports** – to focus on exports of finished goods in Nigeria. As such the existing EEG scheme in Nigeria will be recalibrated to make it more effective and reduces abuse.
 - d. **Job Creation and Size of Investment** - to encourage hiring and training of Nigerians; and to support large transformational investments.
7. **MITI Help desk** – A Help desk will be created jointly by the Ministry of Industry, Trade, and Investments and the NIPC to receive investor complaints and facilitate resolution where possible.

Timeline: Q2 2014

Primary Responsibility: MITI and NIPC

Other Stakeholders:



8. **Consolidation of Investment Related Laws, Policies, Regulations, and Information** – NIRP will collate all relevant laws, policies, and regulations that have an impact on Investments, and consolidate into a single accessible point for Investors (e.g. the MITI website). These will be sourced from various MDAs and will be updated every 6 months by MITI. These will include – the Incentives system, land use procedures, tax regime (Federal and State), licensing procedures (solid minerals, telecoms etc), key contact persons in MDAs, as well as many others.

Timeline: Q2 2014

Primary Responsibility: MITI and NIPC

Other Stakeholders:

9. **Strengthen One Stop Investment Centre**– The OSIC at NIPC will be strengthened and its performance routinely evaluated. This will include monitoring the number of companies the OSIC successfully supports every month; increasing awareness of OSIC amongst the Investor community; and resolving any procedural steps which still complicate the processes. The objective is to make OSIC the logical point of first call for any new Investor coming into Nigeria.

Timeline: Q2 2014

Primary Responsibility: MITI and NIPC

Other Stakeholders: All MDAs in OSIC

10. **Development of KPI tracking mechanism on Investment Climate issues** – NIRP to develop a government monitoring system to objectively and regularly keep track of key indicators in Nigeria affecting the experience of Investors. The indicators will ensure that approved Investment Climate policies are adequately and effectively implemented across agencies. These results will be reported to key decision makers in the Nigerian government every quarter. The system will also be supported with an open complaints mechanism to route issues Investors and

businesses face daily, to key decision makers in government (e.g. Ministries, State Governments, Agencies etc).

Timeline: Q4 2014

Primary Responsibility: MITI, NIPC

Other Stakeholders:

11. **Communication and Stakeholder Engagements** – NIRP will develop and implement a public communication strategy specifically on matters relating to the Investment Climate. The focus will be on letting Investors know about reforms in key areas, and to understand their rights when engaging regulatory agencies. The communication strategy will also encourage investors to use the complaints mechanisms and report on performance of approved policies, so government can make changes as needed.

Timeline: Q2 2014

Primary Responsibility: MITI , NIPC

Other Stakeholders:



8.5 Standards



Importance of Standards

Having good Product and Process Standards in Nigeria is key to ensuring local products can be exported, and our domestic market is not proliferated with low quality goods. Good Industry standards are beneficial to the Industry collectively, and protects consumers. It facilitates exports and leads to increased product sales as consumer perceptions on “Made in Nigeria” goods significantly improve.

The Standards Organization of Nigeria (SON) has taken various measures to improve standards and quality of products; however Nigeria has for many years had challenges on product quality that need to be addressed.

Current Challenges in Nigeria

- Absence of a clear National policy statement on product quality and quality infrastructure.
- Insufficient laboratories available for product testing and certifications.
- Technical standards for some products have not been defined in detail (e.g. spare parts and components).
- Fake, adulterated, or substandard products within the market stifling the growth of local industries.
- Smaller businesses already struggling with other rising operational costs, occasionally begin to compromise product and process quality to stay-afloat
- Misperception that a made in Nigeria good is low quality, or not as good as the imported alternative

NIRP Goals

- Develop a strong strategy on Nigeria’s position to use Standards as a tool to protect consumers, and industrialize the country
- Attain 60% compliance with Global ISO Quality Standards within the next three years, 80% compliance by 2015, and 95% by 2020
- Strengthen Metrological capacity in Nigeria
- Use Standards as core element of Nigeria’s export strategy

NIRP Actions

- (i) **A National Quality Policy (NQP)** – The NQP will be built on a number of key principles. It will act as a catalyst for quick adaptation of best global standards and practices; and will improve management process systems, and work environments. The NQP will have 6 key objectives (a) To strengthen Nigeria’s metrology system and, in particular, raise the profile of metrology as a significant component in the country’s overall activities; (b) To establish the appropriate framework for the development and publication of national standards, to clearly define the role of the national standards organization at the pinnacle of all standardization work, and to involve all stakeholders in the process; (c) To expand the use of accreditation into the national regulatory environment; (d) To provide a framework for the inclusion of technically competent conformity service providers in both the public and private domain, (e) To give clear mandates and proper definition of responsibilities on the administration of technical regulations, and (f) To provide a national quality promotion strategy that builds on the national quality infrastructure and assists the country’s enterprises in becoming globally competitive.

Timeline: Q2 2014

Primary Responsibility: SON and NAFDAC

Other Stakeholders: MITI, MAN, Customs, CPC

- (ii) **Standards Harmonization** – Harmonize minimum acceptable product standards for all major Industrialists and multinationals in Nigeria. This is to ensure Nigerian companies are not unduly restricted from



supplying major companies and projects, when sponsors apply Standards and specifications from outside the country. Commence engagement with Ecowas on harmonized Standards regime for the West African sub region. This is strategic to ensure Nigerian products are not restricted through non-tariff barriers.

Timeline: Q3 2014

Primary Responsibility: SON

Other Stakeholders: Nigerian Content Monitoring Board (Oil and Gas); Ministry of Science and Technology; Specific Industry Association

(iii) **Metrology** - Define nationally accepted official units of measure to guide contractual transactions in Nigeria. Develop and implement a framework to deepen legal metrology in Nigeria, which will define statutory requirements to guide units of measurement, measuring instruments, methods of measurement, and competent entities that will be recognized by law.

Timeline: Q2 2014

Primary Responsibility: SON, MITI Weights and Measures

Other Stakeholders: Ministry of Agriculture, Ministry of Petroleum Resources, Nigerian Customs,

(iv) **Industry Self-Regulation Initiates** – Create online Kiosk to encourage whistleblowing and self-regulation within Industry. Increasingly, standards regulators all over the world rely on Competitive testing and Whistleblowing (rather than direct regulator testing) as the most cost efficient approach for Industries to self-regulate. Nigeria will develop a hassle-free robust system, to allow instant reporting of standards violations by Industry competitors and consumers.

Timeline: Q3 2014

Primary Responsibility: SON, NAFDAC, CPC

Other Stakeholders: Ministry of Agriculture, Ministry of Petroleum Resources, Nigerian Customs,

(v) **International Partnerships and Accreditation** – Nigeria will partner with the Standards organizations in its top 10 non-oil export

markets, to identify target products and agree on acceptable standards with these countries (this will be done for specific export products only). Nigeria's standards agencies will also promote joint capacity development initiatives with the Standards organizations in those markets. This will increase the confidence level for the selected products exported from Nigeria and going into those partner countries. This will remove the need for those Nigerian products being re-certified again in those foreign ports. Nigeria's top 10 export destinations for non-oil exports are – the Netherlands, Italy, Spain, United States, Germany, Japan, Ghana, India, Vietnam, and France. (NIRP will expand the list of countries and work with many more partners depending on products going into new markets).

Timeline: Q2 2014

Primary Responsibility: NEPC, SON

Other Stakeholders: Ministry of Agriculture, Ministry of Petroleum Resources

(vi) **Private Sector Participation (Laboratories and Certifications)** – Government alone cannot finance all laboratories and certifications within Nigeria. NIRP will therefore encourage private sector participation in setting up laboratories for testing\certifications; all under the full supervision and regulation of SON. NIRP will develop a scheme to give licenses to a finite number of laboratories around the country.

Timeline: Q3 2014

Primary Responsibility: SON

Other Stakeholders: Ministry of Agriculture, Ministry of Petroleum Resources, NEPC

(vii) **Participation in Industrial Hubs** – SON, NAFDAC, and other certifying agencies will be included in existing and new Industrial Cities, Industrial Parks, and Industrial Clusters across the country. The purpose is to take regulators nearest to areas with highest density of Industry.

Timeline: Q4 2014

Primary Responsibility: SON,

Other Stakeholders: Ministry of Agriculture, Ministry of Petroleum Resources, NAFDAC



8.6 Local Patronage



Importance of Local Patronage

Local patronage refers to the use of Nigerian Government and Private Sector resources, to support goods and services made locally. For Nigerian Industry to thrive, strong and growing local demand is essential. The local market provides a strong base, from which Nigerian products can refine their standards, build a strong base, and then subsequently proceed into the global export markets. A good degree of local patronage is essential for industrialization.

On Government patronage, it is critical to view the Nigerian public procurement regime as a developmental tool. Government's world over use public procurement for social engineering and economic development. Given the specific challenges faced by companies in Nigeria (power, road, rail infrastructure gaps), it is even more vital for the Government to encourage domestic production and industrialization through its procurement policies.

Existing local patronage policies include:

- (i) Public Procurement Act 2007
- (ii) Nigerian Content Development Act 2010

(Oil and Gas only)

- (iii) Nigerian Coastal and Inland Shipping (Cabotage) Act 2003:

Current challenges in Nigeria

1. Insufficient enforcement of government procurement provisions under the Public Procurement Act 2007
2. Absence of monitoring and reporting mechanism on existing local patronage policies
3. A misconception by Nigerians, that locally made products are low quality
4. Low level of awareness on promising local products, and exemplary Nigerian companies
5. High search costs to find a Nigerian company or product that meets the needs and quality requirements during procurement
6. Most large Nigerian corporates do not have internal policies/responsibilities to increase domestic linkages where possible

NIRP Goals

- Increase Patronage of locally produced goods within Government Procurement
- Increase Patronage of locally produced goods within Private Sector procurement
- Use local patronage as anchor to improve standards of Nigerian goods and services

NIRP Actions

1. **Development of a Nigerian local patronage policy** – NIRP will facilitate a strong government policy on Local patronage in procurement. The primary objective of this initiative is to introduce deliberate supplementary mechanisms aimed at ensuring that the procurement, where possible, supports local firms. This policy will also increase the margin of preference in procurement regulations to meet current realities. Existing provisions of the public procurement Act to be enforced, such as MDAs having full local patronage on



specific items like military, paramilitary and school uniforms, boots, furniture and educational books and stationeries, as well as others already stipulated.

Timeline: Q2 2014

Primary Responsibility: MITI, BPP

Other Stakeholders: All Federal Government MDAs, State Governments

2. **Establish an Industrial Participation Programme** - NIRP will initiate the industrial participation program which provides support to other Ministries and MDAs on their major projects above a certain financial threshold. The Industrial Participation Programme will work with MDAs to plan ahead, find, and scale up local industrialists in readiness for large projects.

Timeline: Q2 2014

Primary Responsibility: MITI, BPP

Other Stakeholders: All Federal Government MDAs, State Governments

3. **“Buy Naija” Programme** - NIRP will expand MITI’s “Buy Naija” Campaign to target large private sector corporates and the general consumer public on the need to patronize locally made goods for industrial development. NIRP will also facilitate the launch of the “Buy Naija. Create jobs” campaign to encourage both the public and private sector to purchase goods, which are made within Nigeria.

Timeline: Q2 2014

Primary Responsibility: MITI, Buy Naija Project

Other Stakeholders: Nigerian Corporates, General Public

4. **Value Chain Partners** – NIRP will coordinate with the Nigeria Enterprise Development Programme (NEDEP) in implementing a scheme to integrate Nigerian MSMEs into the value-chains of large Nigerian

corporates. The Value-Chain partners scheme will encourage large corporates to tap into a pool of registered MSMEs and Cooperatives who can supply items currently imported. This will be used to increase linkages in the Nigerian real sector.

Timeline: Q3 2014

Primary Responsibility: MITI, SMEDAN, BOI

Other Stakeholders: Nigerian Corporates, Ministry of Agriculture

8.7 Finance



Importance of Finance

The availability and affordability of capital is essential for growth of the Nigerian Industrial sector. To successfully industrialize, Nigeria needs to attract and encourage large scale investments in manufacturing plants, and their ancillary assets. Without adequate financing provided at reasonable costs, Industry cannot expand and modernize. It is estimated that Funding costs can add anywhere between 10 percent and 30 percent to the costs of business operations within a manufacturing concern, depending on the business model, and the financing structure adopted.

Nigerian Industry requires adequate funding in equity and debt financing to be sustainable. Typically the costs of debt funding set the floor from which equity investors also set their expectations. As such, an expensive debt environment, means an even more expensive equity environment. Nigerian Manufacturers have identified the high costs of debt financing in

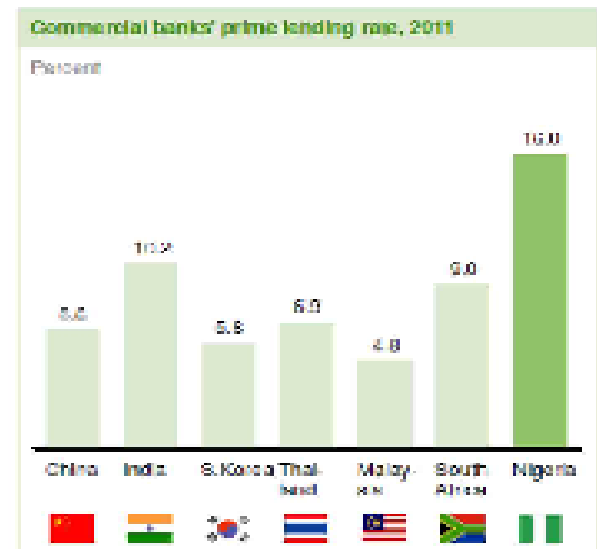


the country as one of the strongest impediments to their growth. The high costs for debt funding also restrict their ability to obtain equity funding, as the return expectations are abnormally high, which could significantly dilute existing investors in Nigerian manufacturing companies. In Nigeria today, capital has not been adequately channeled into the real sector to industrialize the economy.

Current Challenges in Nigeria

1. **Affordability of Financing** – Costs of debt finance in Nigeria is exorbitantly high. Most Nigerian corporates are only able to borrow at relatively high interest rates. These high rates are driven by a combination of – high inflation, high yields on government treasuries, high perceptions of credit risk, few refinancing options, and high operating costs (and other associated costs) to obtain credit in Nigeria. On the issue of inflation, this is a monetary policy issue and is the responsibility of the Central Bank of Nigeria. The NIRP is in support of actions by the CBN to bring down the inflation rate over the medium to long term. A high inflation environment erodes savings, makes it difficult to plan, and increases the cost of borrowing. On the issue of yields of government treasuries (a key benchmark in setting the rates to lend to private sector), this is a fiscal policy decision which is the responsibility of the Federal Ministry of Finance. The current administration of President Goodluck Jonathan has been taking measures to reduce the age-old “crowding out” effect of the Nigerian government on private sector borrowing. The yields on Nigerian government bonds have historically ranged between 12 percent to 14 percent on government treasuries, which has made investing in stock of government debt an easier alternative for commercial banks, as against lending to the private sector.

Figure 40: Commercial Bank's prime lending rate, 2011

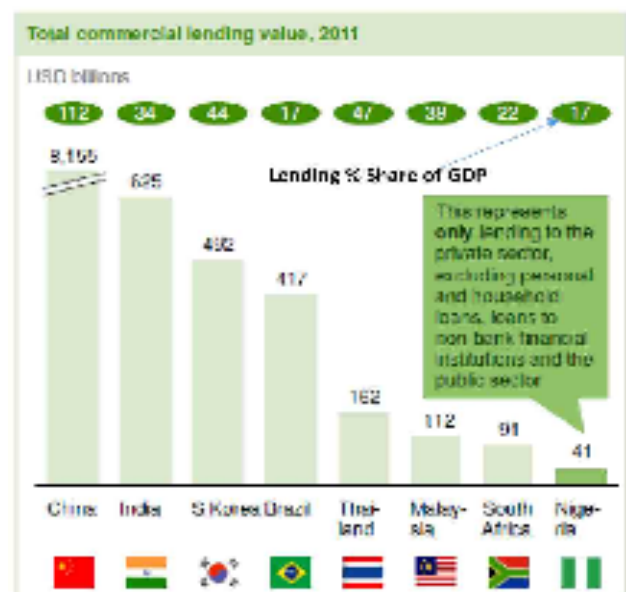


Source: McKinsey, MITI analysis

On the issue of perceptions of credit risk, this is driven by high costs to document collateral and lengthy contract enforcement procedures in Nigeria. (Refer to Section of Investment Climate, on how some of these issues are handled in NIRP. For Registering Property).

2. **Availability of Financing** – Available credit to the Nigerian private sector is not adequate for the size of the country's economy.

Figure 41: Total Commercial lending value, 2011

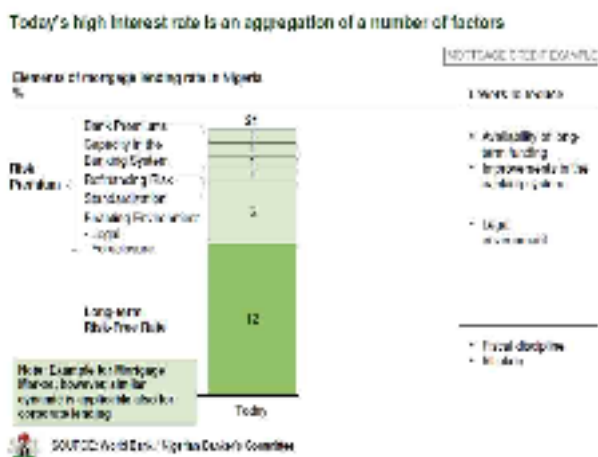


Source: McKinsey, MITI analysis



Nigeria's total commercial lending to GDP is estimated at 17 percent, as compared with 34 percent in India and 112 percent in China.

Figure 42: Why are Nigerian borrowing rates so high?



3. **Tenure of Financing** – Most credit facilities in Nigeria are not provided with sufficient durations and tenures, to support Investment in manufacturing plants. A typical greenfield project needs loans with tenures between 7 and 12 years, Nigerian commercial banks however are typically unwilling to provide such long tenures. Banks currently provide shorter tenure products which are more attuned to trading activities (typically imports of finished goods) or basic retrofit of existing manufacturing plants.

4. **Early Stage Funding** – The Early and Seed stage financing industry is not adequately formalized in Nigeria. There is no clear legal framework governing the venture capital industry, and there is no institutional support in place to formalize and scale up the venture capital players in the country.

5. **Equity Capital** – Equity funding should be evaluated separately for listed and unlisted equities. For listed equities, the Nigerian stock exchange (NSE) is one of the best capitalized on the continent, but it is still too thinly capitalized for the size of the Nigerian economy. As economies

advance, the Market Capitalization should range between 70 percent and 130 percent of GDP; however the Nigerian stock market currently ranges between 25 percent and 30 percent. For unlisted equities, the Nigerian Private Equity market needs a stronger legal framework and institutional support to promote its growth and sophistication. Government needs to engage the private equity industry to create more opportunities for exit, liquidity, and clearer legal forms.

6. **Liquidity and Exits** – Nigeria needs to develop more opportunities and channels for financiers to refinance or exit assets on their books.

7. **Strategic channeling of Funds to Industrialization** – Over the years Nigeria has been unable to channel capital and investor towards strategic sectors which will diversify the economy away from upstream Oil & Gas. Investors have overwhelmingly focused on low-value added activities and product trading. Nigeria will need to intensify mobilization of funds and investors into Industry to diversify exports, reduce the import burden, create jobs, and broaden the government's taxable base.

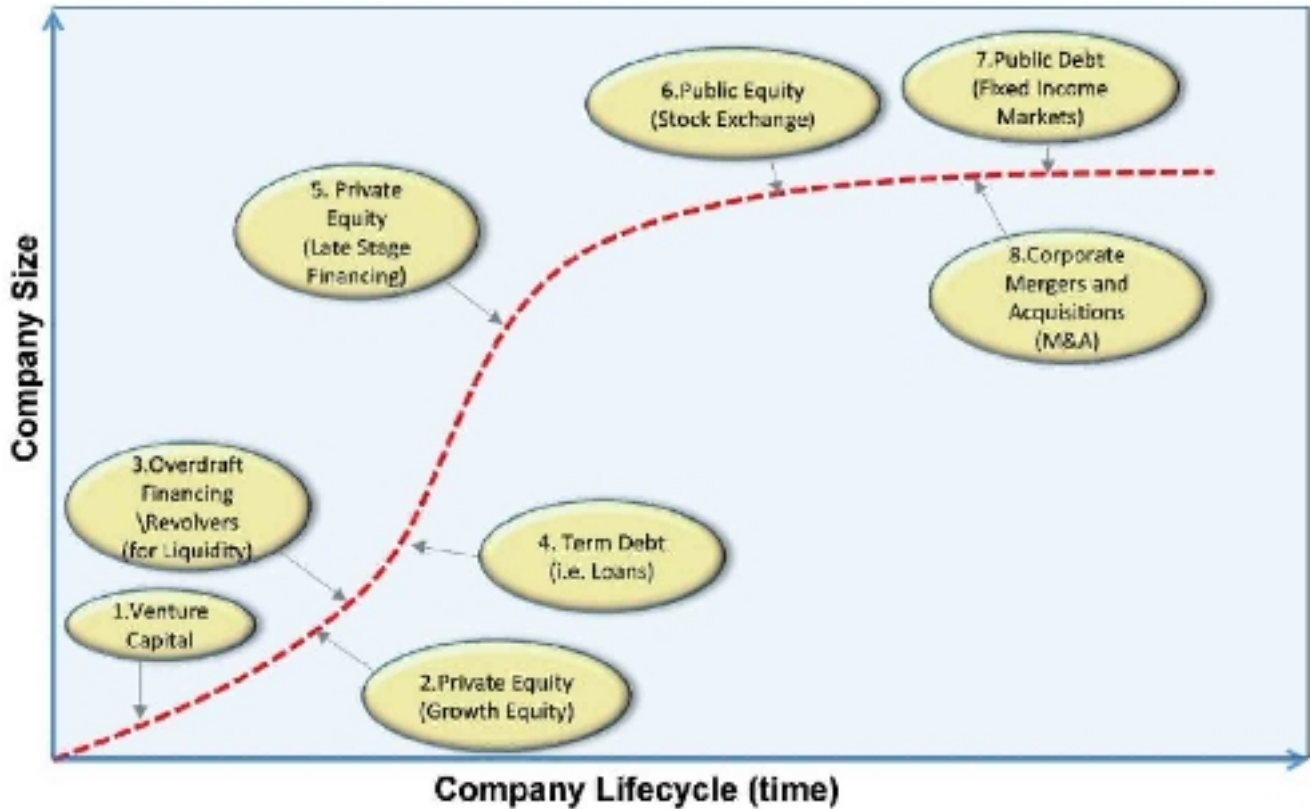
NIRP Goals

NIRP's objectives are to address all gaps along the entire Nigerian Financing Value-Chain.

- Increase access to venture funding in Nigeria
- Mobilize risk capital (equity) for real sector development
- Mobilize affordable long term debt for real sector development
- Facilitate more liquidity financing for Industry
- Enhance access to funding through equity and debt capital markets
- Enhance existing structures for corporate acquisitions and divestitures
- Address unique sectoral needs on financing e.g. SME financing, large industrial\ infrastructural projects etc.



Figure 43: The Financing Value-Chain



NIRP Actions

NIRP's Actions are structured along the Nigerian Financing Value-Chain.

NIRP Financing Value Chain Interventions include – Venture Capital, Private Equity (Growth Equity), Revolvers\Overdraft, Term Debt, Private Equity (Late Stage\Buyouts), Public Equity, Public Debt, Corporate Mergers & Acquisitions.

1. **Venture Capital** - Review of the Nigerian “Venture Capital Law”, to become the “Venture Capital\Private Equity Law” to meet the needs of a fast growing capital source in the country. Review CAMA Act on legal partnerships (e.g. the partnership law), name registrations etc to make these consistent with the needs of the PEVC industry.

Timeline: Q3 2014

Primary Responsibility: MITI,

Other Stakeholders: Attorney General's Office, Nigerian VC Funds, Nigerian PE Funds

2. **Private Equity (Growth Equity)** -

Generally, the PE industry is very lightly regulated all over the world, due to its targeted focus on limited number of players and privately held interests who jointly raise money and invest. In addition, PE transactions on privately held companies are largely unregulated transactions, while only transactions with public companies are regulated by the Securities and Exchange Commission. Nigeria already adopts these principles, and will sustain these going forward. The NIRP will however set-out to facilitate regulations, policies, and laws that could make Nigeria one of the top three hubs to host PE vehicles and fund raisers in Africa. Most Private Equity Funds operating in Nigeria currently use legal structures in offshore financial centers (e.g. BVI, Mauritius etc). NIRP will benchmark Nigeria's existing landscape, with a view to adopting policies and practices that make Nigeria a leading PE hub. NIRP will also update the laws and regulations supporting specific securities typically used by the



PE industry and how Nigeria's regulations compare with other jurisdictions (e.g. U.S, South Africa etc). These include regulations governing - common stock, preferred stock, mezzanine securities (e.g. convertibles), and derivatives (e.g. Warrants). The objective is to ensure Nigerian securities promote the PE industry, are consistent with international trends, whilst also protecting the public good.

Timeline: Q3 2014

Primary Responsibility: MITI,

Other Stakeholders: Attorney General's Office, Nigerian PE Funds

3. **Overdraft Financing \ Revolvers (liquidity)** -

The key challenge with short term funding in Nigeria is the affordability of the credit lines available. These include revolvers, overdrafts, commercial paper etc NIRP's programme will address the Affordability of funding (see section iv below on interventions for Affordability). NIRP will work with leading Nigerian industrialists to explore ways of using the Nigerian Commercial Paper market as a viable funding source, by using this as a viable source of liquidity funding.

Timeline: Q3 2014

Primary Responsibility: CBN, MITI, MoFI,

Other Stakeholders: Attorney General's Office, Banker's Council, Nigerian Banks

4. **Term Debt (Loans)** - First phase of interventions to reduce the cost of borrowing by the real sector, are:

On Affordability:

- (i) reduce inflation (i.e. a monetary policy decision)
- (ii) reduce yields on government bonds (i.e. through consolidated fiscal policy)
- (iii) reduce real or "perceived" credit risk (e.g. streamline procedures to document collateral; enhance credit bureaus)
- (iv) reduce operating costs of financial intermediaries

- (v) Increase refinancing options for debt on books of commercial banks

On Availability:

- (i) Update existing regulations to allow better intermediation of existing large pools of Nigerian savings, and make them available for strategic real sector lending
- (ii) Facilitate new funding channels and vehicles for mobilization of capital into large scale transformational projects
- (iii) Capitalize and restructure existing Development Financing Institutions in the country
- (iv) Introduce new risk sharing products, to reallocate risk and allow for more capital mobilization

Timeline: Q3 2014

Primary Responsibility: CBN, MITI, MoFI,

Other Stakeholders: Ministry of Agriculture, Nigerian Banks

5. **Private Equity (Late Stage Equity)** - NIRP

will work with PE stakeholders, and key financial sector regulators to evaluate \ promote changes to BoFia, Insurance Act, and PenCom regulations to increase funding to Nigerian PE. This will be done within reasonable levels whilst ensuring fiduciary duties to beneficiaries are maintained. The NIRP will also work with necessary regulators to ensure regulations and administrative procedures for PE transactions on public entities (PIPEs) are streamlined. As most PE transactions are time dependent, to grow the Nigerian PE sector it is essential to hasten key regulations and approvals. Another major concern for PE fund are exits, NIRP will work with respective regulators to facilitate the reform and remove bottlenecks in regulations for all key exit strategies in Nigeria - including initial public offerings, secondary-buyouts, trade sales, acquisitions, debt recapitalizations, or any other mainstream strategy. Existing regulations governing Private Investments in Public Entities (PIPEs) will also be amended in-line with global benchmarks.



As stated under section 2 on PE Growth Equity, NIRP will facilitate updating the “Nigeria VC Law” to become the “Nigeria PE\VC law” after gathering inputs from stakeholders in the PE\VC industry.

Timeline: Q4 2014

Primary Responsibility: MITI,

Other Stakeholders: Attorney General’s Office, Nigerian PE Funds

6. **Public Equity (i.e. NSE, foreign exchanges etc)** – NIRP will work with key regulators, like the Nigerian Stock Exchange (NSE) and Securities and Exchange Commission (SEC) to jointly target and mobilize Nigeria’s mid-tier and large industrial concerns to raise capital on the NSE. These efforts are to make companies view the stock exchange as a major source of funding. For smaller businesses, the NIRP will promote NSE Alternative Securities Exchange Market (ASEM), for MSMEs. NIRP will also develop fiscal and other incentives to encourage listings on ASEM. This fiscal incentives will be jointly developed by NIRP, NSE, and with approval of FIRS. NIRP and NEDEP will also create “Shared Service Models” to provide back office (reporting, HR etc) support for MSMEs as a way of preparing smaller companies for listing on ASEM.

Timeline: Q4 2014

Primary Responsibility: MITI, NSE

Other Stakeholders: FIRS,

7. **Public Debt (i.e. Fixed Income Securities) -** Between 1960 and 2013, Nigeria has had only 80 corporate bond issues in the country. The fixed income market has enormous advantages not currently utilized by corporates e.g. large source of capital, less stringent bond agreements, potentially cheaper source of funding (as against bank debt), just to name a few. The Nigerian corporate fixed income market is however still lightly traded with insufficient liquidity. NIRP will work with key regulators, like the Nigerian Stock Exchange (NSE), Securities

and Exchange Commission (SEC), and FMDQ to jointly target and mobilize Nigerian mid-tier and large industrial concerns to issue corporate bonds through the fixed income market. These efforts are to make companies view fixed income securities as a major source of funding. NIRP will work with regulators to facilitate the adoption of incentives to promote the fixed income market (e.g. waivers etc).

Timeline: Q4 2014

Primary Responsibility: MITI,

Other Stakeholders: FIRS,

8. **Corporate Mergers and Acquisitions -** NIRP will facilitate a comprehensive review of Nigeria’s Mergers and Acquisitions laws to remove bottlenecks, change outdated codes, and align with emerging needs of Nigeria to promote effective (and speedy) sales of assets and corporations.

Timeline: Q1 2015

Primary Responsibility: MITI,

Other Stakeholders: FIRS, Attorney General’s Office

9. **Industrialization Funding Vehicle\ Company:** NIRP will facilitate an Industrialization Funding Vehicle to be put in place specifically to diversify the Nigerian Economy by mobilizing capital into large transformational Industrial Complexes and Projects. This is similar to what other countries have done, by creating active financial agents to drive economic diversification. Several countries have moved to consolidate their investment holdings under a single State Industrial/ Investment Holding Company. A Nigerian Industrialization Funding Vehicle\ Company will drive industrial development in Nigeria. The entity will be under a designated Cabinet Member and accountable to Mr President. The Funding vehicle will diversify our economy by fast tracking key projects with private partners, and collaborating with credible international and domestic investors for cutting edge projects.



Timeline: Q4 2014

Primary Responsibility: MITI,

Other Stakeholders: Attorney General's Office,

10. **MSME Funding:** Micro, Small, and Medium Enterprises (MSMEs) need funding mostly for inventory procurement and acquisition of movable equipment. Access to finance for Nigerian MSMEs has historically been poor due to absence of collateral, high interest rates (which MSMEs cannot afford), a perception within commercial banks that MSME's are riskier, and difficulties with contract enforcement. The NIRP, working with NEDEP, will intervene in MSME's access to finance by promoting a number of initiatives – crowd funding solutions (already NEDEP is developing a solution based on the Kiva platform), lending through cooperatives who cross guarantee themselves, and promotion of a movable assets registry in Nigeria (in conjunction with CBN and World Bank), Furthermore, larger funding for the MSME sector will be mobilized through Development Finance Institutions in the country (e.g. BOI) – this is a fundamental principle of NEDEP which brings together SMEDAN, ITF, and BOI to resolve MSME issues, including access to finance. NEDEP will also mobilize cheap funds for the MSME's in Nigeria which will be channeled through Microfinance institutions in the country. NIRP's interventions on addressing structural factors affecting Affordability will also reduce the costs of borrowing to all sectors, including the MSME sector.

Timeline: Q3 2014

Primary Responsibility: MITI, BOI,

Other Stakeholders: ITF, SMEDAN, CBN, Nigerian Banks, Micro Finance Institutions

11. **Alternative Funding and Risk Products:** Nigeria needs to mobilize funds from an increasingly diversified pool of currencies, product types, and geographies. The NIRP will work with other stakeholders to facilitate the development of alternative financing vehicles to mobilize funds for the large scale projects in Nigeria – For example, capital raised in Chinese Renminbi, through the Skuk markets, etc.

Timeline: Q4 2014

Primary Responsibility: MITI, CBN, Ministry of Finance

Other Stakeholders: Nigerian Banks, BOI



Chapter 9: Interfaces



The NIRP is integrated

The NIRP is unique because the plan ensures Nigeria's Industrial development integrates adequately with other development plans in the economy. The plan integrates with the following:

- (i) National Development plans that have defined the vision and macroeconomic context (i.e. Vision 2020, the Transformation Agenda)
- (ii) National Development plans that will provide Industry with raw materials (i.e. Agriculture, Solid minerals, Gas Master Plan etc)
- (iii) National Development plans that will provide the requisite assets and infrastructure for Industry to thrive (i.e. Power sector reform, Transportation, Gas Master Plan etc)
- (iv) National Trade Policy
- (v) National Micro, Small, and Medium Companies Policy

9.1. NIRP'S INTEGRATION WITH PLANS THAT DEFINE NIGERIA'S MACROECONOMIC VISION



Vision 2020

Nigeria's vision 2020 encapsulates the economic goals and direction for Nigeria. It has been consistently adopted by over five different government administrations in Nigeria.

The Vision states "...By 2020 Nigeria will be one of the 20 largest economies in the world, able to consolidate its leadership position in Africa and establish itself as a significant player in the global economic and political arena...".

Vision 2020, identifies 7 key parameters to achieving this goal, these are – Macro Economy, Agriculture, Health, Manufacturing, Infrastructure, Education, and Polity. The NIRP therefore fits with V2020, by primarily focusing on increased Manufacturing in Nigeria. In addition to this however, the NIRP will also facilitate V2020 goals in other areas of the Vision, in areas like - Agriculture (by using agro output as raw materials for industry), Infrastructure (by making industry a major user of infrastructure), Education (by promoting technical skills and



creating jobs), and the Macro economy (by improving Nigeria's trade position, accelerating growth, and improving inclusiveness).

As of 2012, the International Monetary Fund (IMF) reported that Switzerland with a nominal GDP of ~US\$630 billion was the 20th largest economy in the world. For Nigeria to catch-up with Switzerland by 2020, assuming the Swiss have a long run growth rate of 2 percent a year, Nigeria will need to grow at least 10 percent a year over the next 7 years, even after adjusting upwards for possible rebasing of Nigeria's economy (Nigeria currently grows between 6 and 7 percent annually at the moment). It is estimated that with the NIRP, Nigeria could conservatively add 1.5 percent to 2 percent of GDP growth each year for the next 5 to 7 years, which combined with the existing growth rate could help Nigeria attain its goal of being a top 20 economy as outlined in V2020 economic objectives.



The Transformation Agenda

The Transformation Agenda is central to the administration of Mr President, Dr Goodluck Ebele Jonathan, GCFR. The Transformation agenda recognizes that to succeed in national development, Nigeria needs to ensure continuity, consistency, and commitment in the government's programmes.

The agenda identifies a number of thematic areas (i) Real Sector (ii) Infrastructure (iii) Human Capital (iv) Enablers (which include private investment, finance mobilization, external economic relations etc), and (v) Monitoring and Evaluation

The NIRP fits with every single one of these thematic areas: On the Real sector the NIRP will directly drive development of the Manufacturing Sector, and also enable industry to become key off-takers of output from Agriculture, Solid Minerals, and Oil & Gas. On Infrastructure, Industrial expansions driven by the NIRP will be major users of power and transport infrastructure. In many developed markets, Industry takes up between 25 percent and

30 percent of Infrastructure availability. On Human Capital development, the NIRP focuses essentially on Technical and Vocational Education and Training (TVET) to ensure youths acquire "employable skills" which Industrial employers are looking for immediately. NIRP focuses on matching skills development to real jobs. On Enablers, the NIRP is built on 7 key drivers of competitiveness – Infrastructure, Skills, Innovation, Finance, Investment Climate, Standards, and Local Patronage. And Lastly on Monitoring and Evaluation, the NIRP develops a robust monitoring framework to test performance of Industrial policy and sustain or amend decisions as necessary.

9.2 NIGERIA'S INTEGRATION WITH DEVELOPMENT PLANS ON RAW MATERIALS

The Agricultural Transformation Agenda (ATA)

In 2011, the Federal Government launched the Agricultural Transformation Agenda (ATA), with the goal of adding 20 million metric tons of food to the domestic supply by 2015, and in process to create 3.5 million new jobs. The agenda is premised on viewing agriculture as a business in Nigeria that should be run with private sector discipline and capital. The focus is on creating eco-systems in which small, medium and large-scale farmers co-exist, and flourish together. The ATA has defined plans to increase output of specific staple crops through an aggressive import-substitution program. The ATA encourages new investment in food production and promotes agriculture sustainability and resilience.

The NIRP provides the required processing capacity, manufacturing plants, and export channels to sustain the ATA. For example the NIRP will develop the Nigerian Leather Sector, using inputs from the beef and cattle plans of the ATA; The NIRP will develop the Textiles sector using inputs from the Cotton plans of the ATA; and the NIRP will develop the Cocoa processing sector, using inputs from the Cocoa production plans of the ATA. These two plans (NIRP and ATA) are therefore complimentary.



In addition to sector specific interfaces, the NIRP also addresses the broader issues related to the Nigerian Investment Climate to ensure investors in all sectors (including the agricultural sector) have a business friendly environment.

A central strategy of the ATA is the development of “Staple Crop Processing Zones” (SCPZ) in different regions of the country.

The NIRP will provide support to the ATA SCPZ by consolidating all MITI institutional support to the SCPZ's under a single initiative called “Nigeria Agro Allied Development Initiative” – NAADI (Note: NAADI is a subset of NIRP). This will ensure the SCPZ's sponsored by the Ministry of Agriculture get adequate support from the Federal Ministry of Industry, Trade, and Investment. NIRP's support to the SCPZ will involve business formation, industrial capacity development, product standards, investment promotion (NIPC, One Stop Shops), development financing (BOI), relevant incentives, export channels and markets (NEPC) etc.

The SCPZ's are consistent with the NIRP implementation model for Industrial Cities, Industrial Parks, and Industrial clusters; and will therefore be categorized as “Specialized Industrial Clusters” under the NIRP, as they focus on staple crops.

The NIRP will be facilitating the development of other non-food agro-allied clusters (e.g. rubber products, leather, textiles and Garments, and so on), with other MDA's, Ministries, and Private Sector players as required.

The Nigeria Solid Minerals Strategy

Nigeria is developing a Solid Minerals Strategy to adequately monetize the vast amounts of natural resources in the country. The strategy recognizes the depleting ore grades for solid minerals globally, which has increasingly led to double digit cost and capex inflation. Investors are therefore looking for new resources, and Nigeria is largely untapped and therefore has a unique opportunity. Although Nigeria has a wealth of mineral resources distributed

throughout the country, it is however not currently a significant player in many of the core global mining commodities, like coal, Iron ore, Manganese etc. The Nigerian Solid Minerals Strategy started by the current government, has defined the agenda of the Solid Minerals Industry to significantly grow the sector over the next few years.

The NIRP supports the ongoing Solid Minerals strategy, by promoting backward integration policies in key sectors – like Steel rolling, Auto Value chain etc. Nigeria currently has significant installed capacity in Cold rolled Steel, and the NIRP sectoral strategy is to encourage established players to integrate backwards in Hot-rolled Steel, and at some point into smelting. This strategy will create the adequate linkages between Industry and Solid Minerals in Nigeria. Likewise promoting component manufacturing in the Auto industry will facilitate further backward integration into other materials in Nigeria.

Gas Master Plan

With 187 tcf of proven gas reserves, Nigeria's resources are ranked as the 7th largest in the World. Over the years, Nigeria has however been unable to adequately develop its gas fields, and adequately monetize the resource. The Nigerian government has developed a comprehensive plan to capture value from its gas resources.

The Gas Master Plan was developed to reposition Nigeria in the shortest possible time as a regional gas supply hub. To accomplish this, the plan defines a blueprint to – develop Nigeria's gas pipeline and processing infrastructure, establish a proper pricing framework, and promote domestic utilization of gas. The Gas Master Plan segments the market into 3 key groups:

- a) **The Strategic Domestic Sector:** This segment has the greatest multiplier effect on the economy (mainly power and also to residential and light commercial users). Thus this sector will be supplied at the lowest commercially sustainable price.
- b) **The Strategic Industrial Sector:** This segment comprises industries that require



gas as their main feedstock, such as fertilizers, methanol, GTL etc. The policy is expected to make prices as competitive as obtainable in other parts of the world.

- c) **The Commercial Sector:** This segment uses gas as industrial fuel e.g. manufacturing Industries.

The Gas Master Plan also sets out to develop large demand centers for gas industrialization, which situates gas based manufacturers in close proximity to each other, with shared supply infrastructure.

The NIRP is key to successful implementation of the Gas Master Plan. The NIRP has Identified “Oil & Gas Related Industries” which include Petrochemicals, Methanol, and Fertilizers, as strategic sectors for increased investment promotion. These are also the “Strategic Industrial Sectors” of the Gas Master plan. In addition, the NIRP is promoting the development of Industrial Cities around Nigeria, one of which is the Ogidigben Gas City in Delta State, a collaboration between the Federal Ministry of Petroleum Resources, the Federal Ministry of Industry, Trade, and Investments, and the Nigerian Ports Authority. This will be a specialized City built along the lines of Pointe Lisas in Trinidad and Tobago and Yanbu in Saudi Arabia. The NIRP will also facilitate other Gas Industrial Cities, as needed, based on the ability to achieve scale and attract credible investors.

The NIRP is also expanding capacity in other sectors, such as cement, which are categorized as “Strategic Commercial Sectors” of the Gas Master plan. The NIRP is therefore essential to creating the required offtake for Nigeria to use gas domestically.

9.3 NIRP’S INTEGRATION WITH PLANS THAT DEVELOP NIGERIA’S INFRASTRUCTURE AND SUPPORT SERVICES

Roadmap for Power Sector Reform

During the current administration of President Goodluck Ebele Jonathan GCFR, the most comprehensive reform of the power sector in Nigeria has been executed. The Nigeria Power plan’s primary objective is to restructure the power sector and achieve stable electricity in Nigeria.

The plan is based on a few key thrusts including:

- (i) **Divestiture of Power Holding Company (PHCN) Successor Companies** - The Nigerian government has divested 51percent of its equity interests in existing generating and distributing assets in the country.
- (ii) **Establishment of an appropriate pricing regime** – The roadmap develops a tariff system that is transparent and sufficient to encourage investments in the power sector, built around the Multi Year tariff order (MYTO) regulated by the Nigeria Electricity Regulation Commission (NERC).
- (iii) **Establishment of a Bulk Purchaser** – The Nigerian Bulk Electricity Trading Company has been setup to play an intermediation role between generating and distributing companies.
- (iv) **Provision of FG Credit Enhancements** – The government will also be providing credit enhancements and guarantees to encourage investments in the construction of power plants
- (v) **Strengthened Licensing Regime** – The legal and regulatory framework has been reviewed to give investors comfort on the licensing regime.



The Power Sector roadmap sets a target over 40,000 MW by 2020, and is expected to attract US\$50 billion into the power sector of the next 10 years. For a deregulated power sector to work, it is important to create major demand centers (typically Industry) that have predictable and sizeable electricity consumption patterns. In mature markets like the U.S, Industry uses as much as 25 percent of the power generated. In complementing the Power Sector reform, the NIRP is developing major Industrial Cities across Nigeria, which will be major load centers. The NIRP will also perform annual energy audits of key manufacturing zones in Nigeria to feed into the energy planning framework of the Ministry of Power, and also serve as inputs for private sector Investors. The NIRP will therefore facilitate close interaction between MITI and the Ministry of Power, as energy is essential to developing a strong industrial sector.

Transport Sector Reforms

The Nigerian Federal Ministry of Transportation has initiated major reforms of the railways and waterways as viable options for freight cargo. The Nigerian Federal Ministry of Transport is responsible for Rail Transport, Marine Transport, Land Transport, and Intermodal coordination.

The direction for the Nigerian transport sector has been clearly defined, to develop a world class transportation system in Nigeria, and to position the country as the hub in West and Central Africa.

Before 2010, most of the rail tracks in Nigeria had suffered significant deterioration. The current government articulated a 25-year strategic rail vision for the country. The rail vision is in 3 stages.

- **Stage 1:** System transition- which involves stabilization of existing narrow gauge lines, operational changes and Legal amendments to the NRC 1955 Act.
- **Stage 2:** System modernization- Construction of new lines and extension of key Economic Centers. (i.e. Cement Factories, Refineries,

Agricultural Zones, Mining Sites etc). Connection of Tin Can, Onne, Calabar, Warri ports with rail lines.

- **Stage 3:** System stabilization- Full conversion to standard gauge and completion of all State capitals and commercial cities and centers.

The NIRP will develop new manufacturing clusters and Industrial Cities along the existing standard gauge railways in the country. The NIRP will therefore provide the required freight offtake to support Stage 1 of the Transport Strategy. The cash flows generated from Industry's use of rail in Stage 1, will also be used to invest in the Rail Infrastructure for Stages 2 and 3. The NIRP will work with the Ministry of Transport to maximize utilization of the existing standard gauge rail in Nigeria, by moving increasing percentages of Industry's cargo freight, especially to clusters in the Middle Belt and Northern Nigeria.

The NIRP will also work with the Transport Ministry to prioritize which rail lines should be developed in Stage 2 of Transport Strategy in line with where Investments and Industrial plants are being developed.

The Transport strategy also involves decongesting existing ports, and building new ports in key locations of the country. Nigeria currently trades 100 million tons of cargo a year through its ports, with container volumes of 14 million TEUs in 2011. The NIRP will support Industrial Clusters around new ports planned for Ogidigben (Delta State), Lekki Free Trade Zone and Port (Lagos State), and Ibaka Deep Sea Port (in Akwa Ibom)

National Integrated Infrastructure Master Plan

The National Integrated Infrastructure Master Plan (NIIMP), coordinated by the National Planning Commission, has been developed to consolidate Nigeria's Infrastructural needs and investments forecast over the next 30 years. The NIIMP will adopt a coordinated approach to infrastructure development, strengthen linkages between infrastructure sectors and national economy and harmonize, as well as integrate various infrastructure plans.



The National Integrated Infrastructure Master Plan will enhance productivity and value addition in the manufacturing sector. The plan highlights that one of its many promising aspects to the Manufacturing sector is the improved availability, reliability, and effectiveness of critical infrastructural needs, such as power, fuel, transport, for enhanced productivity and value addition in the sector.

The NIRP will therefore be a source of market intelligence and information into the implementation of the National Infrastructure Master Plan.

The National Enterprise Development Programme – NEDEP (for Micro, Small, and Medium Enterprises)

In 2010, a survey by SMEDAN and the Nigeria Bureau of Statistics concluded that Nigeria had an estimated 17 million MSMEs, employing over 32 million people. About three-quarters of all jobs within Nigeria are within this category of businesses. The Nigerian Government has initiated the National Enterprise Development Programme (NEDEP), a new and strategic platform to deliver growth within Nigeria’s micro, small, and medium enterprises. NEDEP will address the key constraints facing MSME, which are access to finance, access to markets, high operating costs, and technical/business development skills. As part of NEDEP, the national policy of MSMEs is also being reviewed. The original National Policy on MSMEs was developed and launched in 2007, with provisions for its review every 4 years. A new MSME policy has been developed (2013), with the aim of sustaining a vibrant MSME sector. This will be the driver of national economic growth by scaling up existing enterprises and by creating an environment where new MSMEs can grow. The policy therefore facilitates the following: easier business registration, easier access to land and land registration, more seamless contract enforcement and dispute resolution framework, a more streamlined tax administration for MSMEs, promoting labour laws, and legislation that protects the mutual

interest of employers and workers, emphasizing standards and quality regulation.

The NIRP’s interventions in the 7 industrial enablers will have direct spillover effects on the MSME sector. The NIRP will address constraints in – Industrial Infrastructure, Skills, Innovation, Financing, Investment Climate, Standards, and Local Patronage. All these interventions are focused on improving competitiveness in Nigeria across the real manufacturing sector (including MSMEs). NEDEP will also provide the core MSMEs needed to support the industries within the NIRP.

9.4 NIRP’S INTEGRATION WITH NIGERIA’S TRADE POLICY AND STRATEGY

Trade Policy and Strategy

The Nigerian Trade policy and Strategy are being updated for the first time in 10 years. The vision for the new Trade Strategy is to use Trade as an instrument of Industrialization and development. The Vision reads “... to develop Nigeria’s trade as a key catalyst for a large, strong, diversified, and competitive economy that effectively harnesses the talents and energies of its people and responsibly exploits its national endowments to guarantee high standard of living and quality of life for its citizens...”. The NIRP and the updated Nigerian Trade Policy (2013) are fully integrated in their interventions, their target sectors, and their implementation framework. The NIRP therefore ensures that Nigeria’s Industrial policy is linked with its Trade policy.

The strategic objectives of the Trade policy are to promote Nigeria’s domestic, regional, and international trade.

- (i) **Domestic Trade** – A few key thrusts to promote domestic trade include-reducing the costs of doing business (an NIRP initiative); strengthening and repositioning the Abuja Securities and Commodities Exchange; providing trade



related infrastructure (e.g. warehouses, cold storage etc), reducing multiple taxes, levies, and checkpoints (an NIRP initiative under the “Investment Climate” Enabler), as well as many others.

- (ii) **Regional Trade** – A few key thrusts for promoting regional trade include, reducing cargo haulage times within Ecowas, Formalizing informal trade along Nigerian borders (with input from the NIRP “Investment Climate” reforms) Improving standards (quality, packaging, and labelling) for Nigerian products (an NIRP initiative under “Standards” enabler) adopting the Ecowas common external tariff as well as many others.
- (iii) **International Trade** – A few key thrusts promoting International trade include- Sustaining existing markets for non-oil exports, Opening up new exports markets for value-added products in Nigeria’s industrialization plan (i.e. NIRP), as well as many others.

The trade policy will be backed by the tariff regime implemented by Nigeria. The NIRP and Trade Policy will be jointly implemented to ensure tariffs are set to promote Investments in NIRP strategic sectors. Tariffs will also provide sufficient incentives for capital goods imports for the manufacturing sector. Nigeria’s commitments to any customs and trade agreements, will also be made consistent with encouraging domestic investments into NIRP strategic sectors. For instance the Ecowas Common External Tariffs (CET) will be adequately amended to recognize the need for Nigeria and West Africa’s industrialization. Industry must be encouraged to thrive.

The NIRP will also integrate with the Nigerian Trade policy in our target export products and export markets. Nigeria’s trade strategy will strengthen our national capacity to leverage special trade deals like AGOA. The NIRP implementation (and Sector specific plans) will therefore identify for each strategic sector

and product, the available national Trade agreements and concessionary trade access deals that each sector already has available. In addition, all future Trade agreements signed by Nigeria will consider strategic sectors defined within the NIRP. The Nigeria Exports Promotion Council (NEPC) has a strong role to play.

As part of implementing the NIRP and the new Nigerian Trade Policy the following principles will be applied:

Imports

- (1) Nigeria has decided to re-evaluate and institutionalize its tariff setting process. Focused on using tariffs as a tool for industrialization.
- (2) The NIRP will facilitate development of tools and skills within MITI to ensure an empirical and facts based approach to setting tariffs (i.e. research, tariff modelling etc).
- (3) The NIRP and the National Trade Policy will drive closer economic integration within Ecowas. Emphasis will be placed on aligning tariffs, standards, and regulations, with the strategic goal of increased Investments in Nigeria, and better industrialization of the entire West African region.
- (4) Substituting imports of low-and medium technology, high volume products that can easily be manufactured in Nigeria. The countries that import large volumes of specific goods into Nigeria are target investors to manufacture those same goods in Nigeria.
- (5) Strategic liberalization of capital goods imports for the Manufacturing sector.

Exports

- (1) Enhancement of export platforms and vehicles. This will require refocusing the NEPC to build internal capabilities to find markets for NIRP strategic sectors. Improve collaboration with NEXIM bank.
- (2) Reviewing Fiscal regime for exports. The NIRP is already promoting a



comprehensive review of the Export Expansion Grant scheme in Nigeria, so it is streamlined to promote exports of finished goods, and not intermediate or raw materials.

- (3) For target export markets, the NIRP strategic sectors will be developed to identify domestic, regional, and international target markets for each product group (see detailed reports).
- (4) For target export products, the NIRP and the Nigerian Trade Policy will also enhance NEPC to prioritize exports of Nigeria's current top 10 exports (i.e. in addition to NIRP strategic sector products).
- (5) Trade Facilitation will be key to execute actual procedures and administrative actions which effect real trade. Nigeria is already placing Regional Investment and Trade Officers into key markets all over the world, to source Investors, Trade opportunities, and high-value contacts for Nigeria.

9.5 NIRP'S INTEGRATION WITH NIGERIA'S INVESTMENT POLICY AND STRATEGY

Investment Policy and Strategy

Nigeria already operates a fairly liberal Investment policy, partially governed and driven by the NIPC Act, as well as a number of other disparate sectoral regulations and directives from various Ministries. A central Nigerian Investment Policy that will codify all our national intentions on Investments is currently under development. Nigeria's Consolidated Investment Policy will define the philosophy, the priority sectors (i.e including NIRP sectors, and much more), supporting regulations, capital regime, skills policies, foreign restrictions (if any), qualifications for government interventions, just to name a few. The NIRP is providing inputs into the development of a centrally codified Investment policy for Nigeria, which is already under development.

The Nigeria Industrial Revolution plan (NIRP) has defined actionable goals to Industrialize Nigeria. The broader Nigerian Investment policy under development will capture all the sectors of the NIRP, as well as sectors from other economic areas like agriculture, solid minerals, telecoms etc.



Chapter 10: Programme Organization and Monitoring

Institutional Framework for implementation

The NIRP will have an inclusive institutional and implementation framework to facilitate proper implementation. The implementation structure will involve stakeholders including (i) Federal Ministry of Industry, Trade, and Investments (ii) Federal Government MDAs (iii) Individual Private Sector Industrialists (iv) Private Sector Associations (v) Development agencies (vi) State Ministries of Commerce and Industry.

The guiding principles for the implementation model are:

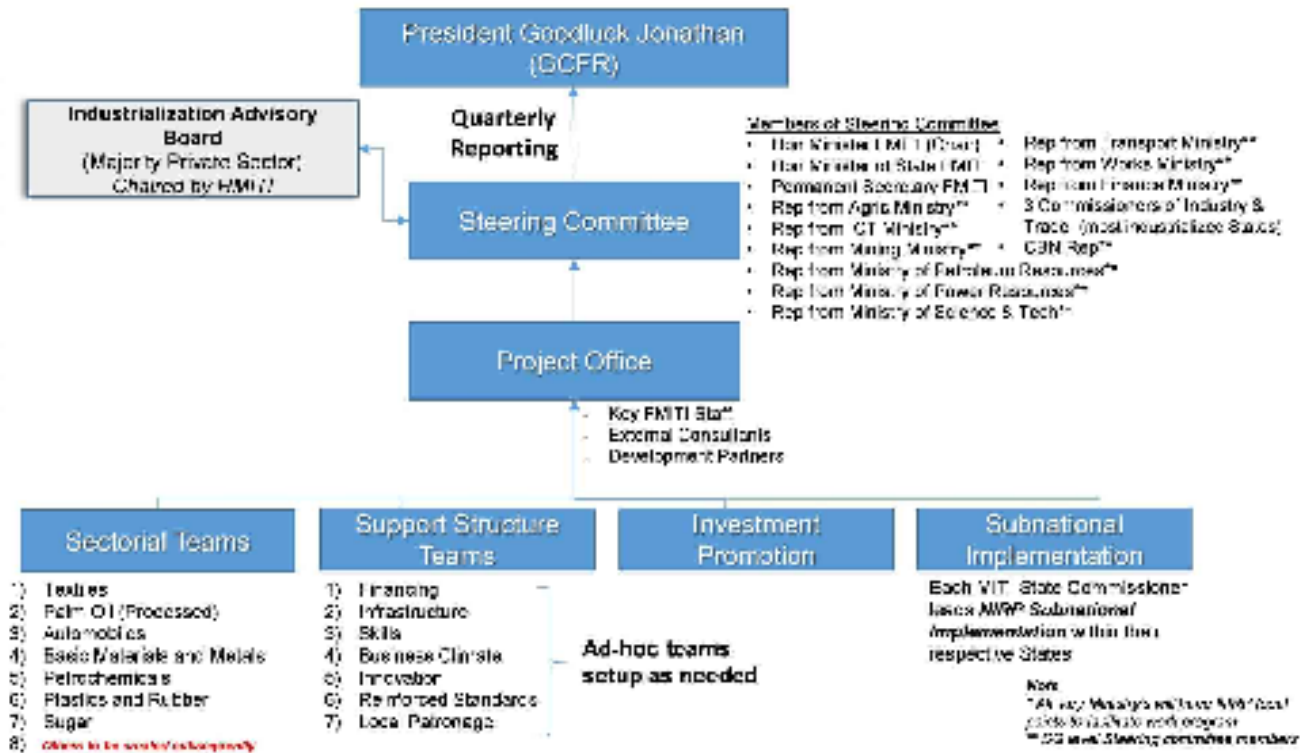
- (i) Quarterly targets and milestones – The NIRP implementation will be structured around quarterly programme targets.
- (ii) Detailed tracking of new Investments, expansions – The NIRP will be granular and measure success based on identifiable companies, plant improvements, and investment flows
- (iii) Decision Tree – Each decision or approval will be categorized under three levels (a)

significant decisions that require action from over three MDAs. These will be referred to Mr President (ii) Decisions that can be handled by less than three MDAs. These will be handled at the Steering committee (iii) Operational decisions that are not cross cutting in nature, or can be resolved by one MDA are handled at the Project Office.

- (iv) NIRP Releases – This document, the NIRP documentation, will be formally updated annually based on lessons from implementation, and new information available. The current version is “NIRP Release 1- January 2014”.



Figure 44: NIRP Implementation Structure



10.1 Organizational Structure – Roles

Mr President

The programme is ultimately headed by His Excellency, the President of the Federal Republic of Nigeria. The President is the final authority, approver, and decision maker.

His Excellency, Mr President shall:

- Formally launch the NIRP
- Approve the NIRP (and its annual updated releases) based on the recommendations of the steering committee
- Meet an expanded meeting of the 'Steering Committee' and 'Industrial Advisory Board' every 6 months
- Receive quarterly updates on programme implementation every quarter.
- Meet with credible Investors bringing investments exceeding US\$500 million into Nigeria (as a show of support to the NIRP initiative)

- Provide overall guidance and direction to the "Steering Committee", and the Honorable Minister of Industry, Trade, and Investment.

10.2 Steering Committee

The Steering committee is constituted of public sector representatives from all MDAs involved in the Industrialization process. The committee is chaired by the Honorable Minister of Industry, Trade, and Investment. The Steering committee will meet at least once a month, or as frequently as necessary.

The key roles are to:

- Ensure the implementation stays consistent with the "Vision and Goals" of the NIRP
- Manage the programme scope. The Steering committee will determine the NIRP scope and ensure activities are within the goals of the program.



- (iii) Arrange funding. The steering committee is directly responsible for arranging and securing funding for the development and operation of the project.
 - (iv) Manage material project operational issues and risks. The steering committee is responsible for managing and resolving operational issues brought to them by the Project Office
 - (v) Enable decision making within the public sector, across multiple MDAs
 - (vi) Provide coordination for issues that affect other MDAs.
 - (vii) Review and approve NIRP sectorial and supporting structure plans and implementation programmes (before referring to Mr President, FEC or EMT as needed).
 - (viii) Obtain support/agreement from domestic and international stakeholders.
 - (ix) Meet Investors as required to provide confidence to companies when specific investments require actions or approvals from multiple MDAs. Provide the one-stop shop for cross cutting NIRP issues.
- (i) Discuss the Quarterly progress of the NIRP, and provide feedback and advice on how to maximize the programme's impact
 - (ii) Provide input into the NIRP work plan for subsequent Quarters
 - (iii) Highlight priority items the Private sector requires reflected within key sectors
 - (iv) Bring international perspective, based on the experiences of other countries
 - (v) Share information on potential milestone Investments being discussed in the market, and how the government and NIRP can accelerate such projects.
 - (vi) Serve as ambassadors to the larger private sector and the international community that Nigeria is on a path of economic reform and industrialization

The steering committee is a powerful tool to prove to investors that NIRP is a large and inclusive effort driven by many parts of government. The Chairman of the steering committee is in charge of giving direction for external communication, media strategy, and guiding the agenda of the steering committee.

Industrialization Advisory Board

The Industrialization Advisory Board is responsible for providing senior private sector perspective to the NIRP. The Board will be chaired by the Honorable Minister of Industry, Trade, and Investment, and will have as an alternate chair, a leading Private sector Industrialist. It will also be mainly constituted of leading private Industrialists and Investors in Nigeria. The Board will meet at least once a Quarter, or as frequent as necessary. The key roles are to:

Project Office

The Project Office is responsible for actual implementation of NIRP tasks and actions. The Project Office will be domiciled within the Ministry of Industry, Trade, and Investment. It will be constituted of – Public Sector Employees, Specialist Consultants, and Development agencies.

The two main drivers of the Project Office, will both directly report to the Honorable Minister of Industry, Trade, and Investment.

- **Project Sponsor** – This will be the Permanent Secretary of MITI. The Project sponsor is the public sector custodian of the NIRP within the Ministry. He will be responsible for ensuring the goals of MITI and Nigeria's industrialization are achieved. The Permanent Secretary will report directly to the Honorable Minister of Industry, Trade, and Investment as statutorily required.
- **Project Manager** – This will be a specialist providing project management expertise, and industry subject matter expertise, to execute the NIRP. The Project Manager will work with the Project sponsor to ensure the



NIRP momentum is maintained. The Project sponsor will assist the Project Manager, by providing Public sector access, government insights, and MITI institutional experience. The Project Manager will report directly to the Honorable Minister of Industry Trade and Investments.

The key roles of the entire Project Office to:

- (i) Provide project management to the overall industrialization programme, and within any workstream or sub-project within the programme. This will include developing and maintaining works plans for various parts of the programme, and managing all issues and risks
- (ii) Manage programme costs (but the steering committee is responsible for reviewing and approving all costs).
- (iii) Provide in-house (or externally resource) Industry Specialists in specific sectors, including but not limited to : Food processing, Beverages, Textiles\ Apparels, Palm oil processing, Cocoa processing, Sugar, Rubber products, Leather & Leather products, Aluminum, Auto assembly, Basic metals (rolling), Basic metals (steel production), Cement, Petrochemicals, Fertilizer, Methanol, Refineries, Plastics, Housing, Services, and Light Manufacturing
- (iv) Provide expertise to support interventions in the following areas: Industrial infrastructure, Skills, Innovation, Investment Climate, Standards, Local patronage, and Finance
- (v) Facilitate decision making across multiple stakeholders, government agencies, and parties
- (vi) Target and attract investments from domestic and international investors into key industrial sectors (both existing and new investors to Nigeria)
- (vii) Continually benchmark best practices and successful principles adopted by other countries. Adopting those practices within the industrialization plan.
- (viii) Develop and operate a monitoring framework to measure results of the

industrialization programme, to report to Steering committee, and other key MDAs if necessary

- (ix) Promote capacity building for key MITI staff members, to ensure the industrialization programme continues after the departure of external consultants (provide tangible measures and outcomes to prove successful capacity building in MITI staff)
- (x) Develop basic productivity tools\systems to support programme collaboration, data collation, and communication
- (xi) Execute Communication strategy with key internal and external stakeholders, as directed by Honorable Minister of Industry, Trade, and Investment

Sectoral Teams

The Sectoral Teams and Committees will be created as needed by the Project Office, and Inaugurated by the Chairman of the Steering Committee. The Teams will be setup to achieve very specific goals, whenever needed, and reconstituted as the objectives change.

Sectoral teams will be constituted of – the public sector represented by relevant MDAs, private sector, development agencies, external consultants; and specific State government representation (when required).

The key roles of the Sectoral Teams are to:

- (i) Develop detailed NIRP Sectoral Plans as needed
- (ii) Update the Sectorial Plans annually based on results from the implementation programme
- (iii) Provide inputs into specific policy, regulatory, or review documents prepared, and to be approved by Mr President, FEC, the National Assembly, or any other approving authority
- (iv) Provide inputs into any sector specific bills, or regulations
- (v) Engage stakeholders within specific sectoral groups to ensure buy-in of NIRP initiatives and plans



- (vi) Review and monitor the results of specific policy initiatives to determine whether policy decisions are sustained or changed as needed

Sectoral Teams will not be standing committees, but setup for specific durations of time, to achieve well identified scopes of work. Teams will be created, as needed, for the following NIRP sectors: Food processing (Beverages, and Packaged foods); Sugar; Palm oil processing; Cocoa processing; Leather and Leather Products; Rubber Products; Textiles and Garments; Cement; Auto Assembly; Basic Metals; Aluminum; Chemicals; Petrochemicals; Fertilizers; Methanol; Refineries; Plastics; Housing (construction); Light manufacturing; and Services.

Support Structure\Enabler Teams

The Support Structure\Enabler Teams will be created as needed by the Project Office, and Inaugurated by the Chairman of the Steering Committee. The Teams will be setup to achieve very specific goals, whenever needed, and reconstituted as the objectives change.

Support Structure teams will be constituted of – the public sector represented by relevant MDAs, private sector, development agencies, and external consultants;

The key roles of the Sectoral Teams are to:

- (i) Develop detailed NIRP Support Structure\ Enabler plans as needed
- (ii) Update the Enabler Plans annually based on results from the implementation programme
- (iii) Provide inputs into specific policy, regulatory, or review documents prepared, and to be approved by Mr President, FEC, the National Assembly, or any other approving authority
- (iv) Provide inputs into any enabler specific bills, or regulations
- (v) Engage stakeholders within specific enabler groups to ensure buy-in of NIRP initiatives and plans

- (vi) Review and monitor the results of specific policy initiatives to determine whether policy decisions are sustained or changed as needed

Enabler Teams will not be standing committees, but setup for specific durations of time, to achieve well identified scopes of work. Teams will be created, as needed, for the following NIRP Enablers: Industrial Infrastructure; Skills; Innovation; Finance; Investment Climate; Standards; and Local Patronage.

Investor Relations

The NIRP is designed to attract real and trackable investments and expansions in the country. Its implementation will develop a pipeline of transactions that will be monitored, and will help remove roadblocks to implementation. An NIRP investor database, as well as a programme database, will be created and maintained during the life of the project. These tools will be foundational systems that MITI will sustain and continue, after completion of NIRP.

Investment promotion and Investor relations are central to the NIRP's implementation. To achieve this, the NIRP will have a small unit within the programme, leveraging existing capabilities of the NIPC. The NIRP will ensure that large Industrial Projects are given the appropriate level of visibility and attention within government, and any regulatory hurdles are unlocked. The Investment promotion disciplines and principles built by the NIRP, will as much as possible, be institutionalized within the NIPC, so the best practice approach is sustained.

The key roles of the Investor Relations Team are to :

- (i) Identify and build relationships with the top 20 global players in each of the NIRP strategic sectors.
- (ii) Identify and build relationships with the top 10 African players in each of the NIRP strategic sectors.
- (iii) Identify and build relationships with the top 20 Nigerian players in each of the



NIRP strategic sectors.

- (iv) Identify and build relationships with a group of top 100 financial investors i.e. asset managers, private equity funds, and venture capitalists. The group should target financial investors from key Countries (e.g. Nigeria, China, the United States etc).
- (v) Ensure adequate levels of interaction between the Project Office, the Sectorial Teams, and these top investors.
- (vi) Build a pipeline of Investments\Projects in the strategic sectors on the “NIRP Watch list”, which will be monitored closely to ensure they are successful.
- (vii) Maintain a helpdesk and engagement system for investments on the “NIRP Watch list”
- (viii) Develop capacity enhancement programmes for the NIPC

Subnational

The NIRP will work closely with all State Commissioners of Commerce and Industry, to keep them updated on programme achievements and next steps. It is critical that all State Commissioners are adequately engaged, as the implementation of the NIRP will be within the States of Nigeria.

The NIRP will develop a quarterly project Newsletter to be circulated to State Commissioners, to keep them updated, and get their feedback.

On a case by case basis, specific committees may be setup in specific States to implement particular NIRP initiatives. These committees may be related to development of targeted industrial infrastructure, or implementing sectoral initiatives that may be State specific. All NIRP related committees at the State level will be approved by the Steering committee.

MDA\NIRP Focal Points

Implementation of the NIRP will require careful facilitation of decisions and actions across multiple MDAs. As such, specific individuals will be assigned as “NIRP Focal Points” in relevant MDAs as needed. The Focal Points will be the primary contact person of the NIRP Project Office to that MDA. The individual will be the level of Director or its equivalent.

The key roles of the Focal Point are to:

- (i) Channel any information or data request to the relevant units or people within his\ her MDA
- (ii) Ensure decisions are made on any NIRP issue within the MDA, and in cases where there may be complications or ambiguity on the decision tree, escalating such issues to the NIRP steering committee, so it can be discussed between the relevant Ministers
- (iii) Provide insights or expertise on specific issues within the domain of that MDA
- (iv) Provide inputs into any conclusions, related to the MDAs activities, in the NIRP work programme.

GOD BLESS NIGERIA

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