

Rising | *RISING AFRICA SERIES*

NIGERIA

INVESTMENT REPORT 2015

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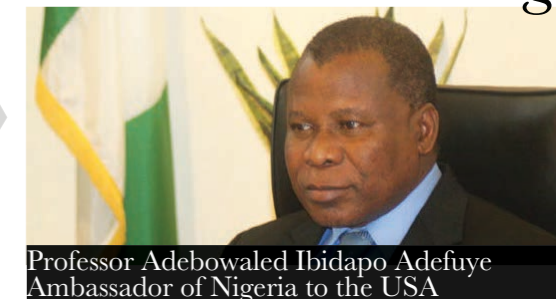
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Introduction Message

READY TO LEAD AFRICA



Professor Adebawale Ibadapo Adefuye
Ambassador of Nigeria to the USA

Welcome to the Rising Nigeria 2015 Investment Guide Report, giving you background and information on the opportunities available to global readers and investors in Africa, starting with Nigeria. The Federal Republic of Nigeria is one of the fastest growing economies in the world and an important investment destination. Due to its oil wealth and large population, Nigeria has now become the 24th largest economy in the world and the largest in Africa. By 2020, we envision to be listed among the world's top 20 nations.

Leaders from fifty African states attended the three-day summit, which primarily focused on strengthening trade and financial ties between the U.S. and Africa. Specifically, the three-day summit advanced the U.S. administration's commitment to investment, trade, and security of the continent in the region. This summit aimed to support U.S. economic interests in the continent by highlighting and encouraging further economic and development ties while promoting entrepreneurs in the private sector in Africa. Nigeria aims to play a leading role in the U.S.-Africa initiative.

Nigeria is one of the top ten oil producers in the world and generates major revenues from sales of oil and gas. Apart from oil, Nigeria has vast non-oil mineral resources many of which are yet to be exploited. A rising population and an emerging middle class have created huge opportunities for businesses in consumer markets such as the financial, food, telecommunication, and energy sectors.

In light of its major investment potential, and with the largest economy in Africa, Nigeria is designated as one of the top U.S. Trade and Investment high-growth markets. The country has also been ranked Africa's number one destination for FDI by UNCTAD for the second year in a row. Investors are embracing Nigeria as an investment destination. In 2013, FDI inflows into Nigeria stood at \$5.6 billion with the largest investments coming from the U.S. (14%). A decade of rapid economic expansion on the back of high oil prices and a boom in the services sector created the perfect investment environment for foreign investors.

Africa is becoming an important investment destination for United States investors. The first ever U.S.-Africa summit was held in the U.S. on August 4-6, 2014, in Washington, D.C. Leaders

Nigeria has become an attractive investment destination for foreign investors. We invite you to come and visit, come and invest.

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NIGERIA IN 2020

AN UPWARD TRAJECTORY

We have a vision to become one of the foremost economies in the world. This vision is encapsulated in Nigeria's Transformation Agenda Vision 2020 launched in 2009, which aims to make Nigeria one of the largest economies in the world by the end of this decade, and a significant player in the global economic and political arena by the year 2020.

Nigeria's Transformation Agenda Vision 2020 is a multi-pronged program that outlines several goals ranging from healthcare to government reforms. This ambitious plan relies on Nigeria's ability to diversify the country's economy, stimulate growth, create a balance between oil and a knowledge-based economy, and guarantee a stable and sustainable business environment.

Effective management of Nigeria's natural resources is paramount to the success of Nigeria's economy. The achievement of Nigeria's Transformation Agenda Vision 2020 goals depend on the long-term availability of natural resources that are accessible, affordable, and environmentally friendly. The challenge remains: to lay the foundation for effective management of Nigeria's natural resources. We need to invest in clean energy facilities that provide the required energy with minimal negative environmental and social consequences.

In conclusion, Nigeria's Transformation Agenda Vision 2020 is a comprehensive plan that aims at pursuing a policy encouraging balanced growth of the economy. It hopes to promote private and public investments and efficient and intensive development of all sectors of the economy.



H.E. Ambassador Honorable Minister of Foreign Affairs

Nigeria's Transformation Agenda Vision 2020 plan will serve as a catalyst propelling the economy of Nigeria to new heights and making it a global economic powerhouse by the end of this decade.

NIGERIA IS AT THE TOP OF THE U.S. TRADE & INVESTMENT HIGH GROWTH MARKETS

Nigeria is designated as one of the top U.S. Trade and Investment high-growth markets. It is the 26th biggest economy in the world and top in

the continent, surpassing South Africa in 2014. With return potential of eight times the initial Nigeria is designated as one of the top U.S. Trade and Investment high-growth markets. It is the 26th biggest economy in the world and top in the continent, surpassing South Africa in 2014. With return potential of eight times the initial investment private investors have plenty to be excited about when investing in Nigeria.

The annual volume of trade between the U.S. and Nigeria currently stands at a record \$36 billion, which is expected to expand further in the coming decades. The country is currently the 45th largest export market for U.S. goods, which totaled \$5.1 billion in 2012. Corresponding U.S. imports from the country stand at \$19.1 billion.

The U.S. is also the largest foreign investor in Nigeria with FDIs amounting to approximately \$8.2 billion annually. Most of the investments have been concentrated on mining, petroleum, and wholesale trade sectors. There are expansive opportunities for U.S. investors to take part in the development of agriculture, infrastructure, sugar, tourism, hospitality, and transport industries just to name a few. There is increased need for coordination between the two economies on export diversification, trade capacity building, intellectual property protection and technical assistance.

The U.S. continues to provide support to Nigeria's economic development and reform efforts through bilateral and regional assistance programs. In 2011, the Obama Administration announced the African Competitiveness and Trade Expansion (ACTE) initiative with the aim to inject \$120 million in Africa over the period of four years. The main goal of this initiative was to support the four USAID-funded regional trade regions that include Nigeria.

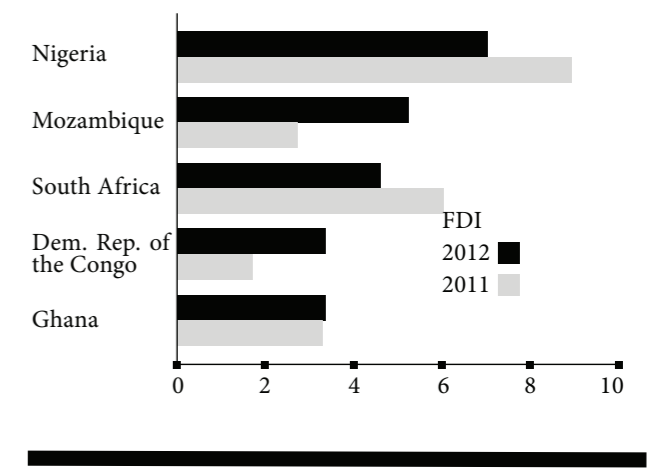
With a population of approximately 173 million that is expected to rise to 221 million by 2020, consumer demand will play a major role in stimulating the economy. Analysts are projecting that consumption could more than triple over the

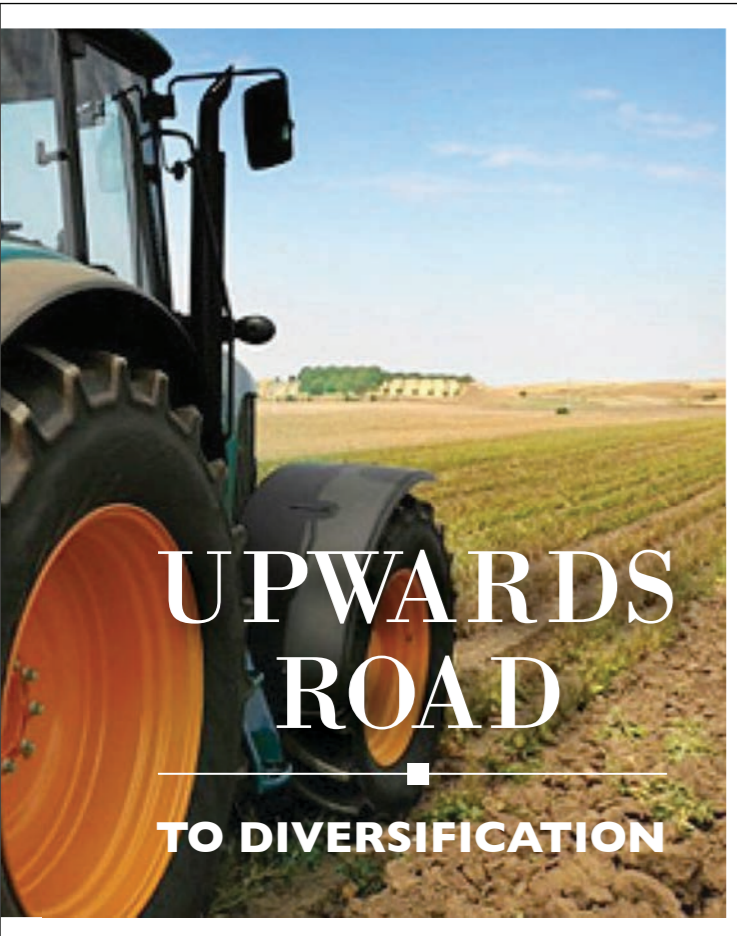
next 15 years to \$1.4 trillion, up from the current \$388 billion. If consumption grows at the forecasted rate, trade could become the largest sector in Nigeria's economy. For foreign investors looking to invest in manufacture of packaged foods and other consumer items, this could mean an annual growth of about 8 percent to 10 percent.

A variety of government incentives create a lucrative investment environment for U.S. and other foreign investors who enjoy tax benefits as well as transparent land ownership laws. International monitoring groups rank Nigeria among the best countries to invest in Africa. Excellent road, port, rail, aviation, transportation and infrastructure offer excellent incentives to invest in the country.

It is evident that opportunities for foreign investors in Nigeria are trending up. In the coming decades, the country will continue to be an important long-term investment destination for both U.S. and international businesses.

Nigeria is at the Top of U.S. Trade & Investment High-Growth Markets





At what point does a country know it has made it? One way may be when the world of finance begins to include you in one of its latest acronyms. If that is the case, then Nigeria has made it, becoming part of the new lexicon of fast-growing economies known as MINT (Mexico, Indonesia, Nigeria and Turkey). With the spotlight now on one of Africa's powerhouses, interested investors are taking a closer look at a country positioning itself as one of the top 20 economies in the world by 2020.

Economic development is an essential part of Nigeria's Transformation Agenda 2020, as the engine that drives progress by providing opportunities and a better way of life for the country's citizens. Achieving this objective hinges on Nigeria's ability to create a balance between an oil-based and a knowledge-based economy, helping diversify the country's economy and guaranteeing a stable and sustainable business environment. Nigeria's Transformation Agenda Vision 2020 will also guide the wise management of Nigeria's economy, helping increase competition, attracting more investments, and stimulating growth.

Under Nigeria's Transformation Agenda Vision 2020 plan, the country is focused on stimulating economic growth and launching itself onto a path of sustained and rapid socio-economic development. The approach is multi-pronged and outlines several goals ranging from healthcare to government reform. Specific economic-related goals include developing:

- a stable and globally competitive economy with a gross domestic product (GDP) of no less than \$900 billion and a per-capita income of no less than \$4,000 annually;
- a modern agricultural sector that utilizes its vast agrarian resources, ensuring national food security;
- a robust and globally competitive manufacturing sector that contributes significantly (no less than 40%) to GDP, and
- adequate infrastructure services that support the full mobilization of all economic sectors.

The plan may seem an ambitious undertaking, but seeds of success are taking root through several private and public initiatives. Non-oil sectors are contributing more each year to GDP growth and global companies such as Nissan and Heineken are making substantial investments. The economy, once dominated by the oil and gas sector has begun to diversify and thanks to a recent rebasing of its GDP, 46 of Nigeria's economic sectors, including the country's massive informal economy, now paint a more comprehensive picture of the country's economic position.



Historically, the oil and gas industry has been the country's largest and main generator of Gross Domestic Product (GDP).

Nigeria has proven oil reserves of 37.2 billion barrels and indications of additional reserves off-shore in its deep waters. Oil production totaled 115 million tons of oil equivalent in 2013. Natural gas is another key commodity. Nigeria has 5.2 trillion cubic meters of natural gas, and produced 40.2 million tons of oil equivalent last year.

Currently, oil production contributes 80 percent of government revenues, 90 to 95 percent of export revenues and over 90 percent of foreign exchange earnings. Dependency on global crude oil prices and oil-export revenues, however, has been an ongoing concern of the government, which has taken a variety of steps to mitigate the havoc such dependency creates.

The installation of an oil price rule has helped to insulate public spending somewhat from the volatility of oil prices, requiring a portion of oil

revenues be obtained in reserves. This 'shield' has ensured that much of the country's earnings from oil are invested back into the economy through the sovereign wealth fund managed by the Nigeria Sovereign Investment Authority (NSIA).

The push to diversify the economy has also helped. Growth in the country's non-oil sector has averaged around 9 percent each year, representing one of the country's bright spots. Strong performance in this sector also aided in boosting Nigeria's real GDP to 7.3 percent in 2013, up from 6.8 percent the previous year. Gains in the non-energy sectors are expected to further drive the country's economy with real GDP projected at 6.6 percent for 2014. Although trending lower than 2013, an additional boost may be provided by oil production, if it picks up in the later part of 2014.

Nigeria's rebasing of its GDP proved beneficial on several fronts. One such benefit has been in highlighting the diversification of several growing sectors. In 2013, 'Agriculture, Hunting, Forestry and Fishing' was the largest sector, accounting for 34.5 percent of total gross value added (GVA). It was followed closely by 'Mining and Quarrying' at 33.9 percent.

'Education, Health, Social Work, Community, Social and Personal Services Activities' showed the most aggressive growth

at 15.9 percent, year-on-year, while the 'Construction' sector benefited from the country's push to upgrade its infrastructure, having contributed 15.6 percent of total GVA.



There is no question that Nigeria has some major challenges to achieving a record of sustained economic success. Corruption, unemployment, an undeveloped infrastructure, poverty, and ethnic violence are just a few of the significant obstacles Nigeria faces. Doom and gloom stories often seem to be the only stories the international community hears. Those headlines do a disservice to a country that has undergone positive economic developments. Investors who look deeper are benefiting from the opportunities they are identifying.

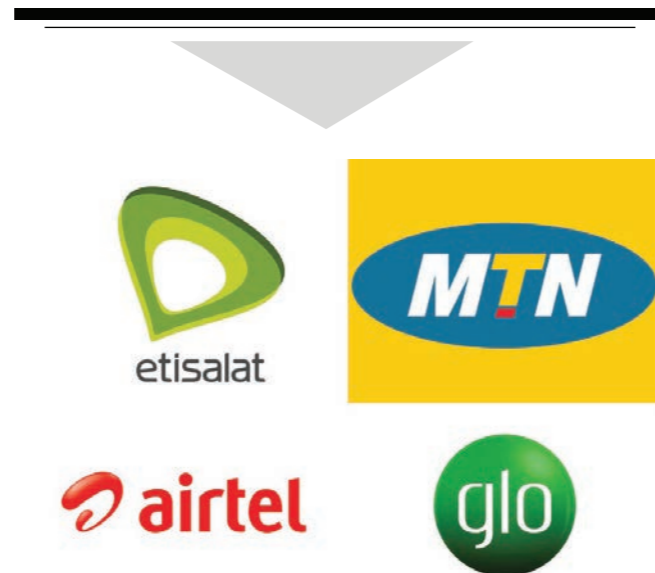
Investors are embracing Nigeria as an investment destination as affirmed by the United Nations Conference on Trade and Development (UNCTAD) which lists Nigeria as one of the top three destinations in Africa for foreign direct investment (FDI). In 2013, FDI inflows into Nigeria stood at \$5.6 billion with the largest investments coming from the U.S. (14%), South Africa (12%), and the UK (11%).

The oil sector continues to attract the most FDI, but other sectors are receiving attention. For example, the technology, media and telecom sectors have accounted for 25 percent of capital invested in Nigeria since 2007. Globalcom, MTN, Airtel, and Etisalat are all aggressively pursuing market share. Retail and consumer products are sectors also receiving investor attention. South Africa's Shoprite, U.S.-based Proctor & Gamble, KFC, Domino's Pizza, and Hugo Boss have undertaken sizeable commitments in Nigeria.

Global management consulting firm, McKinsey Global Institute (MGI) also sees the potential of Nigeria predicting that it could emerge as one of

the 20 leading economies in the world by 2030 provided the right reforms and investments occur. In the firm's report, Nigeria's renewal: Delivering inclusive growth in Africa's largest economy, MGI writes, "We believe that Nigeria can build on the momentum of the past decade and, if all goes well, achieve 7.1% annual GDP growth through 2030." MGI goes on to forecast that if Nigeria can reach its full potential, annual GDP could exceed \$1.6 trillion in 2030.

Besides Nigeria's mainstay oil and gas sector, infrastructure, agriculture, manufacturing, and trade will offer the most opportunities from investment and drive the country's growth over the coming decade.



THE BIG FOUR

Infrastructure

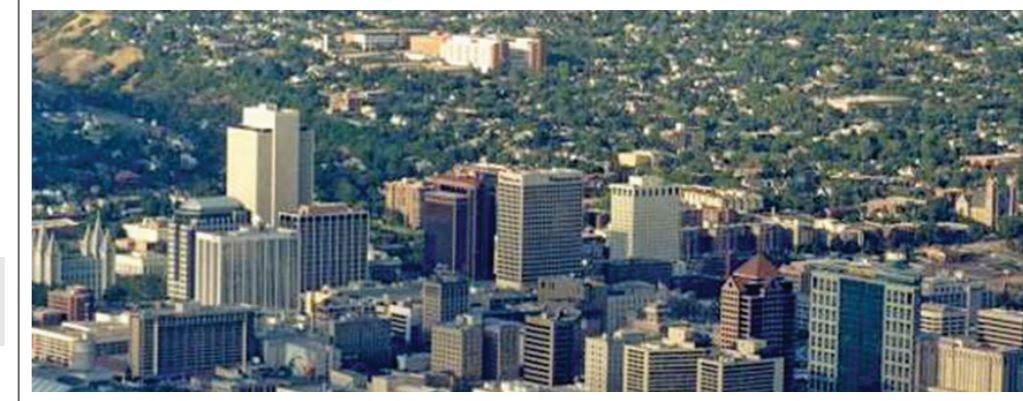
Poor infrastructure has hindered not just Nigeria's, but much of

Africa's ability to compete and produce. Numerous governments struggle with creating long-term development plans, a lack of funding, and an often unfavorable business environment. All which have taken a toll on developing infrastructure. World Bank estimates place the cost of Africa's infrastructure deficit at roughly \$38 billion of investment per-year. Add another \$37 billion per-year to then operate and maintain that infrastructure, and the task is overwhelming.

For Nigeria, the magic number is \$2 trillion. That is the estimate by the Nigerian Planning Commission regarding how much infrastructure investment will be needed over the next 30 years (2013-2043). This will require Nigeria to accelerate its spending on infrastructure to an average of nine percent of GDP over the next 30 years, a jump from the current three to five percent.

The country's energy infrastructure is another sector in need of major investment. Nigeria has one of the lowest per-capita national power supplies in the world. The World Bank's Climate Investment Fund notes that only 40 percent of the country's urban population and 10 percent of its rural population have access to electricity. Power and electricity shortages are an ongoing issue and are an especially painful reality for the manufacturing sector. Economists estimate that medium-size businesses spend up to 30 percent of their operating costs on private power generation.

The government hopes to boost the country's



power supply more than twelvefold over the next 10 years, but that will require a major investment. In addition to committing \$550 million to improve its power supply, the government is focusing on private investors for assistance. In 2013, it handed over control of 15 of the 17 state-owned energy generation and distribution groups to private owners in a privatization process valued at \$2.5 billion.



Agriculture

Agriculture is the largest sector of Nigeria's economy contributing 22 percent to the country's Gross Domestic Product (GDP). However, the sector has struggled. Once a

leading producer of a variety of cash crops, Nigeria now finds itself as the world's second largest importer of rice. Over the last few decades, a burgeoning population, lack of infrastructure and inconsistent government policies contributed not just to food shortages, but to the dismal reality that nearly 60 percent of the country's arable land remains uncultivated. With an estimated 80 million hectares of arable land, accounting for roughly 23 percent of all arable land in West Africa, the possibilities are plentiful.

Desiring food security, the government launched an agricultural strategy in 2011 geared towards boosting food production by 20 million tons per year. The focus of this plan was on making agriculture a business rather than a development issue, placing greater emphasis on Public Private Partnerships (PPP), and on positioning agribusinesses as investments that must generate a return. To support the expansion of agribusiness, the government is spending more than U.S. \$3 billion to build roughly 300 kilometers of rail lines. These lines should help to move crops from the northern Sahel region to ports on the Atlantic coast. If these reforms and improvements take hold, Nigeria's agricultural production volume and value could rise significantly, potentially doubling from its current level of \$112 billion.



Manufacturing

The manufacturing sector accounted for only 1.9 percent of GDP in 2013, but the real value of gross manufacturing output rose by 6.8 percent. According to the National Bureau of Statistics (NBS), the manufacturing sector in the first quarter of 2014 became Nigeria's major driver of economic growth, recording 6.2 percent real GDP.

In February 2014, the ambitious Nigeria Industrial Revolution Plan (NIRP) was launched. Attracting significant foreign investment inflows in the short to medium term is its primary directive. The NIRP appears to be working, spawning major investments in the manufacturing industry, particularly the auto industry and its related value chain. At the launch of NIRP, President Goodluck Jonathan explained, "The goal of the Nigeria Industrial Revolution Plan is to increase the contribution of the manufacturing sector from the present 4 percent to more than 10 percent over the next five years. This will boost the annual revenue earnings of Nigerian manufacturers by up to N5 trillion per annum."

Several foreign manufacturers are taking advantage of the program. China-based PAN Steel Group Corporation has invested US \$5 billion into a new steel plant that will produce 4 to 5 million metric tons per-annum. Other proposed investments are in discussion for Peugeot Automobiles of Nigeria (PAN), Innoson Vehicle Manufacturers, and VON Nigeria.



Trade

Nigeria's consumer class is rapidly expanding and demanding more goods. Analysts are projecting that consumption could more than triple over the next fifteen years reaching \$1.4 trillion, up from the current \$388 billion. If it grows at the forecasted rate, trade could become the largest sector in the country's economy. For manufacturers of packaged foods and other consumer items, this could provide annual growth of between eight to 10 percent.

Other Sectors To Watch

Education

The growing population of Nigeria is one of its strengths, presenting an opportunity both as an untapped consumer market and a potential workforce. In 2013, the Nigerian population stood at 171 million, up from 75.5 million in 1980. On average, the population is growing at a rate of 2.4 percent annually, making Nigeria Africa's most populous nation. Its sheer size, combined with its relative youthfulness—the median age is 18.4 years, lower than the regional average for Africa and the Middle East, suggests major opportunities in several sectors.

Education is one such area. Only 6.8 percent of the Nigerian population has a higher education degree.

While the number of Nigerians holding advanced degrees is currently low and concerning, the number of students competing for a spot in a university continues to outstrip the total number of placements available in the country, despite various government initiatives and the entry of several private entities. In short, opportunities to expand the offerings in higher education are plentiful given the high demand.

Construction

The construction sector's recent performance has also begun to attract more private investment. Gross value added (GVA) for construction demonstrated a healthy year-over-year real growth rate of 15.6 percent in 2013, even though the sector itself represented only 1.4 percent of total GVA. While the construction industry has indirectly benefited from the demand for better infrastructure, a desperate demand for affordable housing is a major driver. It is estimated that there is a housing deficit of around 17 million units (2013-2014), with an additional need for two million housing units every year. The government has approved a new housing policy calling for the construction of one million houses annually, which should contribute to continued growth in this sector.





INTRODUCTION TO THE THOUGHT LEADERS SERIES

A celebration of Nigeria's thought leaders, innovators and thinkers, problem solvers and drivers of Nigeria's growth and development.



CREATING TRANSGENERATIONAL WEALTH

The family-owned business model is the oldest and most common model of business organization and still remains the dominant model today. Presently between 60 to 90 percent of all businesses in every country are categorized as family-owned and controlled. Family-owned businesses are a notable job creator and source of economic stability in their communities, and in emerging and developing economies they tend to be the most enduring model for entrepreneurial activity.

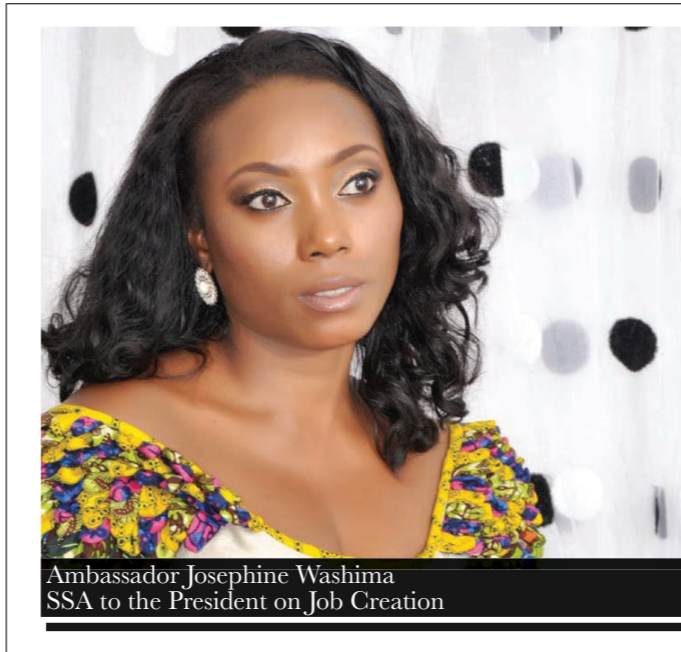
Family-owned and controlled businesses typically last longer and outperform non-family owned firms demonstrating an average of 6.5 percent more return on assets. However, the odds of a family business surviving long term are not good. According to professional services provider KPMG, only 30 percent of family-owned businesses make it to the second generation. That drops significantly to 13 percent by the third generation, and only three percent make it to the fourth generation of ownership. A myriad of factors contribute to the demise of a business, and family-owned businesses are no exception. They have additional unique challenges to consider such as family dynamics related to ownership, social pressure to hire extended family members, and executing effective succession planning.

While it is relatively easy to find family-owned and controlled businesses in Africa, it is more challenging to find family businesses that have survived the test of time. Africa's tumultuous history of colonization and state-owned enterprises extending into the 1980s has hampered generational ownership. However, the economic environment has changed, and an

increasing number of family-owned businesses may well be poised to pass to the next generation. Dangote Group is one such example. With an investment from his father, Aliko Dangote started a small trading firm that has morphed into a multi-billion dollar regional business with interests ranging from food processing to cement. Another is the Honeywell Group founded by Dr. Oba Otudeko, who built a diversified portfolio of businesses across most major sectors of Nigeria's economy. While both businesses are in the first generation of ownership, they have shown remarkable resilience to date, with well-managed portfolios of significant wealth.

Families looking to their businesses as a way to create wealth need to adopt wealth creation as a strategic goal. All too often, families operating businesses are singularly focused on simply ensuring economic survival or providing financially for their families. Family business owners need to see themselves as investors and not as owners. They need to view their business as an asset in an investment portfolio. Adopting such a mindset shifts the strategic decision-making process to one that is geared toward investment and accumulating wealth, and not on the short-term profitability of a business entity. A family focused on wealth creation and entrepreneurship is more adept at exploring and capturing new business opportunities as they arise. This in turn allows for further wealth creation. Ultimately, if family business owners are interested in transgenerational wealth creation, they must maintain an entrepreneurial approach to doing business. They must also embrace the premise that their business is but a means to a greater end.

Mrs Josephine M. Washima has held the honorable position of Senior Special Adviser on Job Creation in Nigeria since July 2012. Ms. Josephine holds a B.Sc. in Political Science from the University of Abuja, Nigeria. She also holds an MBA in Entrepreneurship Studies from Middlesex University, London.



As Nigeria’s current Senior Special Adviser on Job Creation, can you outline your primary roles and responsibilities?

My responsibilities as a Special Advisor to President Goodluck Jonathan include coordination and monitoring all job creation activities as well as generating a verifiable unemployment database. As a human capital development specialist my role is to develop a strategy for the mass employment of Nigerian youths and interface with all job creation agencies on policy direction of government.

Our department, OSAPC (Office of the Special Assistance to the President on Job Creation), monitors and evaluates sectors that directly affect job creation and ensure that qualified Nigerians are engaged in productive enterprises. We collaborate with the private sector as well as government MDAs.

According to you, Nigeria’s development depends on long-term economic growth and stability, innovative partnerships and job creation. How can this be encouraged?

Our economic growth and stability depend on both short and long-term growth plans. For sustainability, we are partnering with the Unemployed Youth Multi-Purpose Cooperative Society of Nigeria (UYMCSN).

To achieve the objectives and goals of the OSAPJC, we have partnered with the UYMCSN and Heritage Bank to build the entrepreneurship skills of members tapping

especially into the agriculture value chain and other value chains to create decent jobs.

Together we are empowering those registered with a youth cooperative by assisting them in starting and growing a business, which includes funding and monitoring. We are also partnering with the Federal Ministry of Agriculture and Rural Development as well as a UK DFID program, Nigerian Stability and Reconciliation Program (NSRP).

You have a vast and impressive experience working with partners, locally and internationally. In what ways would you like to see Nigerian and International partnerships evolve and grow?

I would love to see more partnership with international organisations especially international development agencies for an effective delivery of economic growth programs just as we are doing with the UK DFID. This will go a long way in enhancing accountability and sustainability. This is the reason my office recently had an interactive session in Washington D.C. with Nigerian youths in the Diaspora. The goal was to share with them how to integrate into Nigerian society if at any point they want to come back home to contribute their quota to the economic development of their country. With such partnerships, I expect knowledge sharing, transfer and creation of

linkages amongst international partners.

And how does it correlate with Nigeria’s overall national vision?

Nigeria cannot develop its economy and society without its human capital and resources—the people. Human development according to the Nigeria Vision 2020 entails a holistic and modern healthcare infrastructure that caters to all, and an educational system on par with the highest international standards. Preparing Nigeria’s people to take on the world’s challenges and become tomorrow’s innovators, entrepreneurs, artists, and professionals is of utmost importance. I believe that a world-class education system and equal opportunities will propel Nigerians to increase their role in all sectors of their country’s economy

What are your views regarding population growth in Nigeria? What are the challenges faced by the government in increasing employment opportunities for the growing population?

The population of Nigeria is around 173 million and that is expected to reach 221 million by 2020. It is growing at nearly 3.2 percent, much higher than the global population growth rate. This growing population brings increasing challenges for the government to provide employment opportunities for the growing masses.

Creation of more jobs gives a sense of security and self-worth to the people. In order to create more jobs for the rising population in the country, our department has played a part in launching key government programs. Some of these programs include Community Service Scheme (SURE-P), Graduate Internship Scheme (SURE-P), ‘YOUWIN!’, and Unemployed Youth Multi-Purpose Cooperative Society of Nigeria (UYMCSN) scheme.

There is a rise in population of young people in Nigeria, what role do you think they can

play in contributing to the economy of the nation?

Nigeria is especially proud of her youth. They are the asset of the country and must be properly trained and nurtured to ensure that they play their part in uplifting the economy of the country. Out of a current population of 173 million Nigerians, young people under 30 account for over 43 percent of the population. However, there is a lack of a strong educational system and job opportunities for the youth.

Our youth needs to be equipped with special skills, training, and discipline to ensure that they take on the arduous task that awaits them in the future. In order to achieve this aim we need to develop strategic implementations in the following key areas: education and skills development, workable and accessible entrepreneurship support programs, and robust healthcare schemes.

In keeping up with our goal of empowering the youth we have recently launched a TV program called "Keeping up with the Entrepreneur" in partnership with SMEDAN and the World Bank. The show is targeted at youths and unemployed graduates to create entrepreneurship awareness. I have found out that appropriate information actually solves many problems, unemployment inclusive.

In addition, our community service scheme (SURE-P) is especially targeted at the youth of the country. The program is expected to engage 320,000 youth in labor-intensive work such as construction and the rehabilitation of social and economic infrastructure in the country. To-date, 120,000 youth of Nigeria have benefited from this program.

AFRICA IS READY FOR BUSINESS

In the 17 years that I have been doing business in Africa, I have never experienced the kind of excitement and optimism around the continent that I see today. Africa's time has truly arrived. When I formed my company in Uganda in 1996, and started selling computer parts from Dubai, there were so many negative perceptions about Africa, and getting credit was almost impossible, but today many global players have turned their attention to Africa simply because the opportunities it presents can no longer be ignored.

Africa now has a \$2 trillion economy, with a third of our countries growing at six percent or more. We have 60 percent of the world's arable land, and we will soon have the world's largest workforce. These statistics speak for themselves. So, where many investors have previously been reluctant to come to Africa to see what is happening here, now their eyes are opening up to the opportunities. What is most pleasing about this trend though, is that this time, we, the people of Africa stand to benefit.

Periods of sustained growth have been seen in Africa before, but in the past, the beneficiaries were not always Africans themselves. This time, we have an opportunity to change that story, and personally this is what excites me most.

What our governments have seen in the wake of the 2008 global financial meltdown is that, in times of crisis, foreign direct investment (FDI), on which we have always pinned our hopes, is always the first to flee. But what is interesting is that African investors tend to stay the course. I would not argue that FDI is not important, but I think that if 2008



Ashish J. Thakkar

taught us anything as a continent, it's that we need to invest first and foremost in ourselves and in each other's economies if we are going to achieve sustained growth.

Over and above this, the fundamental issue that will determine our success in the coming decade will be the extent to which we create an enabling environment for our young entrepreneurs. This means planting the seeds for Africa to grow from within and not rely on help from outside sources. We must unleash Africa's creative potential on the world.

All around us everything is changing. The biggest companies in the world are now internet companies, which are connecting people in new and exciting ways—fundamentally changing the way we do business. What this means for Africa is that we have the capacity not only to catch-up, but to leapfrog the rest of the world and get ahead. We have the benefit of not being constrained by legacy systems or outdated ways of doing things. We have a clean slate and we can use technology to tackle all of our challenges.

As an entrepreneur, I tend to see opportunities where other people see problems and Africa is overflowing with opportunities in every country and in every sector. But if our growth is going to be sustainable, then it must be driven by our youth, who form the bulk of our population. The more we invest in them and give them the tools to be innovative and to develop their own businesses, the

more likely we are to find development solutions that are embedded in and are tailored for our communities.

To do this, I think that we need to invest at least as much in informal education as we do in formal education. That means that we must promote and facilitate mentorship, guidance, coaching and networking opportunities between those that have these skills and those that must still acquire them. When we do that, we are setting ourselves up for success. Unfortunately, our formal education systems are not geared towards nurturing entrepreneurs and an aspiring young businessperson doesn't really have anywhere to turn to get the knowledge they need to make their dreams a reality, and we all have a responsibility to change that.

Many of our governments have identified this important challenge and are taking the required steps to invest in young entrepreneurs, who are so crucial to a developing economy. We are seeing more and more ministries and departments within government that are focused exclusively on small and medium enterprise development, and this is a very encouraging sign. Equally, the private sector must also play its part and we're slowly seeing an emergence of 'entrepreneur empowering' initiatives. A good example of this is our own Mara Mentor platform—a mobile app designed to enable, empower, and inspire young men and women entrepreneurs in Africa by giving them access to experienced business leaders and opportunities to network amongst their peers.

I'm still amazed at the amount of people who look at Africa and all they see are infrastructure deficits and inefficiencies. I look at these as huge opportunities! And, the approach that more and more of our governments are taking is that of making sure that they cut down on the red tape and enable those that are ready to take advantage of these opportunities.

There are many foreign companies that are seeing

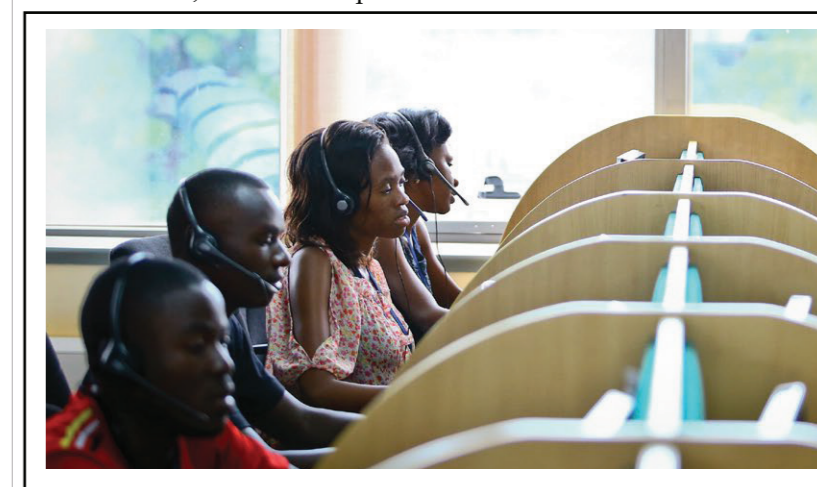
this, but they have a problem in that they don't know how to go about doing business on the continent. Many fail simply because they employ a cut-and-paste strategy. They do not realize that Africa is a very diverse continent with many different cultures, histories and regulatory systems and you have to be flexible and nuanced in how you approach it.

But again, this is where African businesses, particularly the smaller and newer ones, have a massive opportunity. They have the ability to partner with international players, which have the industry expertise but lack the knowledge of local markets and systems, and take advantage of these opportunities together. In my own experience, this has been a very successful formula that has allowed my company to grow into many countries.

Africa is open for business. For those that are willing to travel to Africa and to see for themselves. Yes, there are risks, like in any frontier market, but the returns are very high. Companies all over the world are aware of this fact and they have taken an interest. Like I always say, the Chinese dragon and the Indian tiger have had their time and now it is the turn of the African lion.

Ashish J. Thakkar

Founder, Mara Group and Mara Foundation



SAFEGUARDING & MAXIMIZING



OIL AND GAS REVENUES

Nigeria's Transformation Agenda Vision 2020 aims to make the country one of the leading economies in the world by the end of this decade. The ambitious plan relies on Nigeria's ability to diversify its economy, stimulate growth, and safeguard and maximize oil and gas revenues to guarantee a stable and sustainable economy.

Effective management of Nigeria's natural resources is paramount to the success of its economy. The achievement of Nigeria's Transformation Agenda Vision 2020 goals depends on long-term availability of natural resources that are accessible, affordable, and environmentally friendly. The challenge remains in laying the foundation for sustaining and maximizing the

country's oil and gas revenues.

Nigeria needs to invest in clean energy sectors that provide the required amount of energy with minimal negative environmental and social consequences. Gas flaring, oil spills and waste dumps damage the soil, water and oil quality. Thousands of people that rely on agriculture and fishing for their livelihood are affected. Therefore, the country needs to take appropriate steps to fully exploit and promote energy efficiency practices.

Nigeria's commitment to renewable energy development has been very significant and in line with other developing nations in the continent.

The Federal Government has continued to reiterate its commitment to developing renewable energy for safeguarding its oil and gas reserves, and to solve the problem of erratic electricity supply in the country.

Nigeria is emerging as one of the most exciting new markets for renewable energy technologies. Some of the technologies that offer lucrative investment opportunities include wind, solar, and geothermal power.

Renewable energy investments in sub-Saharan Africa, including Nigeria, would reach the \$5.9 billion mark in 2014 and grow to \$7.7 billion in 2016. Indeed, this amount is still small by world standards, yet it is more than the amount that was invested in the entire 2000-2013 period.

The growing attention on renewable energy in Nigeria by the present government indicates a combination of growing local need for power and awareness for preserving and maximizing oil and gas revenues in the country.

The cost per MWh of clean options, such as wind and photovoltaic, has declined sharply over recent years. Renewable power represents a cost-effective alternative, particularly compared to diesel generation but also to power stations burning oil, coal, and gas.

Nigerian Vice-President Alhaji Namadi Sambo, recently stated that Nigeria would fully make the most of its plentiful renewable energy resources to solve energy problems in the country. Globally, there is an increased trend for using renewable energy, most specifically solar and wind energy, something that Nigeria has in abundant supply. Using such renewable energy sources will safeguard and ensure efficient utilization of the country's oil and gas reserves.

PILLAR OIL LIMITED

FOCUSING ON NIGERIA

Since July 10, 1997, when the Company was incorporated, Pillar Oil Limited choose to operate as a wholly indigenous company side-by-side with the community, in small to medium-sized fields, and under the highest standards. Running the business in a socially responsible manner not only makes a positive impact on the Nigerian economy, but also demonstrates how a Company can be run both profitably and socially. The Company keeps operations in Lagos and Delta States of the country.

All employees are provided training because Pillar Oil and its management believe that investment in people has to be continuous. The result of social responsibility in business can be seen in the satisfaction of the surrounding community and also in the growth of the Company in recent years.

Investment is focused on drilling where millions of dollars were raised to drill Umuseti and Igbuku fields in 2012. As a result, a reserve estimated between 20 and 40 million barrels of liquids and 250 to 500 billion cubic feet of natural gas were achieved. An amazing production that is followed by an audacious future development plan, which focuses on generating significant cash flow by drilling and producing oil and condensate at the two additional wells in Igbuku field.

Investment is also focused on technology. Pillar Oil will be one of the pioneer companies to drill satellite oil prospects within the field



complex. This technology will enable specialists to see where to add and replace reserves and actualize a robust gas plan to supply the domestic and international market with the significant gas reserves that lie within the field complex.

Nothing is possible without efficient financial and technical partnership. As Pillar Oil grows, the Company welcomes partners that share the same vision and goals.

"We understand our asset, we have the workforce, we have the natural resources, and we have the most developed oil industry in Africa. We are Nigerian, we are Pillar Oil".



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NEPAL OIL

BREAKING GROUNDS

Wholly owned and managed by Nigerians, Nepal Oil & Gas Services Limited is one of the leading indigenous petroleum distribution companies geared towards further expansion, with a commitment to its people and the country. At the helm of it all is Mrs. Ngozi Ekeoma, CEO and Managing Director who has led the repositioning of Nepal Oil & Gas Services Limited towards becoming a reference for operators in Nigeria's downstream oil and gas sector.

Nepal Oil was incorporated on October 13, 2004, and is focused on the supply, trading, and productivity support of the down, mid, and up-stream sub sectors of Nigeria's petroleum industry. Nepal Oil strives to be the company of reference in the downstream oil and gas sector across the African continent by excelling in the effective distribution of petroleum products to meet the ever-growing demand of oil and gas products in the Nigerian market. Investment and focus lies on technological innovation, skilled human capital, and a sound financial system. By leveraging these resources, Nepal Oil is able to successfully drive down business costs, increase profits, and satisfy consumer demands for petroleum products in the country with optimal efficiency.

With a sizable fleet of motorized tankers and trucks in Nigeria, Nepal Oil supplies AGO (Automotive Gas Oil), PMS (Premium Motor Spirit), DPK (Dual Purpose Kerosene), and LPFO (Low Pour Fuel Oils) to renowned oil and non-oil sector companies in Nigeria.

Partnering With People

Nepal Oil employs more than 1000 people directly and over 10,000 indirectly. The main



Mrs. Ngozi Ekeoma
CEO & MD of Nepal Oil & Gas Services Limited

centers of employment are in Lagos, Calabar, and Ogbara. In 2013, the company opened a modern tank farm and a private jetty at Ogbara region in Delta State. The opening of this tank farm resulted in the creation of hundreds of new jobs for local Nigerians.

The new tank farm is ultra-modern in every sense of the word, having in place all the latest equipment and technology. The new facility will ensure proper storage of refined petroleum products and facilitate its distribution within Nigeria

Future Outlook

The petroleum industry contributes more than 75 percent to the country's revenues and is responsible for up to 30 percent of GDP in Nigeria. The Nigerian government recognizes the contribution of oil distribution companies to the economic growth of the country by efficiently meeting the demands of the local populace. Nepal Oil endeavors to expand its base of operations to meet the needs of local demand.

Nepal Oil endeavors to excel in the petroleum distribution sector and become an international attraction for investors looking to form a joint alliance with local companies in order to cater to the burgeoning demand for petroleum products in Nigeria and internationally. Proudly Nigerian, Nepal Oil has been present in Nigeria for over a decade and is poised to stand the test of time with its commitment to Nigeria.



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LOCAL CONTENT & Its Impact On Nigerians

The seeds for the Local Content Policy were first planted in 1971 with the establishment of the Nigerian National Oil Corporation (NOC). The company was established to promote the country's indigenization policy in the petroleum sector. Efforts were made since then to enforce Local Content Policy but with limited success till 2010, when the Nigerian Oil and Gas Industry Content Development Act (Local Content Act) was passed.

In pursuit of the Nigeria Vision 2020, the Local Content Act was signed into law by President Goodluck Jonathan in April 2010. Essentially, local content laws are all about securing opportunities for employment and at the same time promoting development of local skills, technology transfer, and use of local manpower and manufacturing in capital projects.

The Act places stringent obligations on oil companies to invest 10 percent of their annual profit in areas of finance, community and local workforce. The goal of the Local Content Act is to increase indigenous participation in the oil and gas industry by setting minimum thresholds for the use of local services and materials as well as to promote the transfer of technology and skills to Nigerians within the industry. Under the

provisions of the Act, preferential treatment is given to all Nigerian companies operating in the oil and gas industry. A Nigerian company is defined as one that is registered in Nigeria and is 51 percent or more owned by Nigerians

Nigerian companies are given first consideration in awards of oil blocks and other projects for which contracts are awarded, as well as lifting licenses. This principle applies to all areas of the industry including the employment of staff and labor, procurement of goods, materials and services.

The oil and gas industry has undergone noticeable changes in the last four years since passing the Act. The industry, once dominated by international oil players, now has more Nigerian companies owning oil blocks and marginal fields—a trend that continues. As international oil companies continue to divest assets, local companies such as Oando and Seplat are acquiring more upstream assets.

While much more work remains to fulfill the goal of the Local Content Act, its impact is noticeable. It is projected that by the end of 2014, international oil companies will have transferred five billion barrels of oil and 20 trillion cubic feet of gas to local companies since passing the Act. Financing options for local vendors, that once used to be a major obstacle in acquiring local assets, are improving thanks to local banks working in partnership with Shell Petroleum Development Company, Nigeria LNG Limited, and ExxonMobil Nigeria.

Local Content Act is a comprehensive plan that aims at pursuing a policy towards a more balanced growth of the economy. The Act is looking at promoting private and public investments and efficient and intensive development in all sectors of the economy. This plan will serve as a catalyst to propel the economy of Nigeria to new levels and make it a global economic powerhouse by the end of this decade.

ExxonMobil has led the way with Nigeria's local content laws to fully empower indigenous firms to be part of the country's oil and gas sector. The company is fully committed to the success of the Nigerian Content Act sealed by President Goodluck Jonathan in April 2010. It has invested in human capital development programs to support skill acquisition, empowerment of Nigerian youths, and enhance existing capacity of Nigerian labor.

ExxonMobil had consistently grown its Nigerian content value by more than 45 percent value retention in-country while its business-to-Nigerian registered companies represents more than 84 percent.

Although the company is largely seen as an American company, Nigerians manage the day-to-day field operations in the company. The indigenous workforce of ExxonMobil has grown to 87 percent with four out of six area operation managers being Nigerian.

According to Mr. Pekun Oyeleke, the company's manager in charge of Nigerian content development, during the last 10 years, around 58 percent of contracts worth above \$1 million dollars have been awarded to Nigerian firms just to boost their capacity. In addition, about 84 percent of budgetary expenditure on projects went to Nigerian-registered companies.

Mr. Oyeleke said that for the company, building indigenous capacity meant strategic community investments, workforce development, and vendor/supplier development. This has translated into a conscious purchase of local goods and services as well as investment in health, education and infrastructure that would assist in the development of the local capacities of host communities.

In 2004, ExxonMobil launched a new volunteer program in Nigeria that utilizes employees as tutors and mentors to secondary school students. The classes emphasize core science and social science subjects such as math, chemistry, physics



and civic education. Employees lend both expertise and encouragement to the students—enhancing the learning experience for local youth as well as introducing them to potential career opportunities.

ExxonMobil has been successful in implementing local content laws in Africa due to its strong financial position. The company has made significant progress on projects that helped in ending nonessential flaring in Nigeria. In 2006, the company initiated the Nigeria East Area Project with the goal of reinjecting natural gas that was being flared. This has enabled the recovery of additional oil reserves while helping to dramatically reduce flaring in the country. Due to this initiative, greenhouse gas emissions from Nigerian operations were decreased by about 7 million metric tons per-year.

ExxonMobil believes that most important contributions to a community are to support economic growth. The company achieves this goal through local employment, investment, conforming to local regulatory laws, assistance with education and training, and the transfer of knowledge and skills to the local population.



Opportunities for International Companies

Nigeria's agriculture sector is currently experiencing massive transformation. In 2013, the government hosted a three-day annual summit focused on agriculture as an industry with the capacity for self-sufficiency and increased export. The summit highlighted how foreign investors and international companies can play an important role in the development of Nigeria's agriculture sector.

With about 170 million people, the country has a viable internal market and global investors in the food and agriculture sector will find unparalleled opportunities within Nigeria where investors can play a big role in research and infrastructure development. In order to attract foreign investment in the sector the Federal Government has made available tax holidays for pioneer companies producing for export, establishing new industries and expanding production in sectors vital to the economy.

Nigeria has also joined hands with the G8 New Alliance for Food Security and Nutrition in a bid to create 3.5 million new jobs, provide over \$2 billion of additional income to farmers and propel the nation toward achieving its Vision 2020 economic target.

The agriculture reforms and initiatives of the government have helped in attracting a number

of foreign companies such as American rice firm – Dominion Farms, seed company Sygenta, brewer SAB Miller, food giant Cargill, and various others.

The EXIM Bank has invested about \$200 million dollars to install 18 large-scale flour processing plants in Nigeria. While, ADCO, an American manufacturing firm, has shown interest in investing around \$60 million to set-up a manufacturing plant designed to create modern farming equipment with a view to encourage extensive farming in the region.

Millions of Dollars Pledged for Agricultural Reforms

Although agriculture plays an important role in Nigeria's economy, it has been overly neglected in the past due to an over-dependence on the oil sector. The agriculture sector only gained renewed interest from the government after the post-oil boom era (1977 to 2002), when crude oil prices started falling in the open market. Consequently, there has been a growing concern to diversify the economy by revitalizing the agriculture sector.

In line with Nigeria's Transformation Agenda Vision 2020, the government has undertaken a number of strategies to transform the sector so that it contributes its fullest to the GDP of the country. Some of the policies earmarked by the government to revamp and reform the agriculture sector include Accelerated Food Production (NAFPP), Agricultural Development Projects (ADPs), River Basin Development Authorities (RBDAs), National Seed Service (NSS), National Centre For Agricultural Mechanization (NCAM), Agricultural And Rural Management Training Institute (ARMTI) and many other similar programs. The aim of these programs is to initiate a green revolution that will radically alter the agriculture sector in the region so that it results in increased production and processing of export crops, generation of gainful employment, increased production of raw materials for industries, and, above all, rational utilization of agricultural technologies for the improvement of life for Nigeria's citizens.

REGULATORY OVERVIEW

Enhancing The Regulatory Environment

Enhancing Regulation and Transparency to Prevent Anti Money Laundering and Terrorist Financing

The threat of terrorism is one of the most pertinent issues of today. This threat has now become a global concern engulfing peaceful nation states of the world. Nigeria is also not immune to this threat of international terrorism. According to a most recent report by Nigerian Economic and Financial Crime Commission (EFCC), about \$129 million dollars was illegally transferred from the country in the last ten years. Nigeria and indeed the whole African nation is vulnerable to money laundering and terrorist financing because of its cash-based and open economies.

To combat this threat, the government of Nigeria has made its commitment of enhancing financial regulation and transparency to deter terrorist financing activity in the region. The government has taken a number of steps to enhance and improve its Anti Money Laundering (AML) system. It has amended the 1991 Banking and Other Financial Institutions (BOFI) Act and expanded its coverage to stock brokerage firms and foreign currency exchange facilities. The government has also given greater powers to the Central Bank of Nigeria (CBN) to freeze suspicious accounts and deny bank licenses that indulge in potential criminal practices. Furthermore, the government has also established the Economic and Financial Crimes Commission that coordinates with AML investigations and facilitates information sharing. The EFCC also criminalizes financing and participation in terrorism.

Creating a Regulatory Framework that is on Par with International Standards

The current government is committed to reforming the regulatory framework of the country and making it more conducive for private and foreign investment. In order to achieve rapid, efficient, and sustainable growth in the region, the present administration is committed to

deregulating vital sectors in the Nigerian economy. The government wants to revamp and enhance the federal regulatory environment and bring it up to international standards.

The aim of enhancing regulatory framework in the region is to protect the interests of corporate business entities operating in the region. The government wants to make improvements in the economic regulation, macroeconomic stabilization, and other aspects of the business environment to make them more private sector-friendly. These regulatory changes are expected to be supportive of the President's Vision 2020 Transformation Agenda of ensuring, maintaining, and improving economic growth in the region and to decreasing the country's reliance on oil.

Balancing Regulation and Innovation in the Financial Services Industry

An effective regulatory framework helps in promoting private investment, economic growth and development in the region. The government has been focusing on balancing regulation and innovation in the financial services industry to achieve economic efficiency and growth. Some of the initiatives undertaken by the government to achieve these include intensifying the fight against corruption, enhancing interaction between the public and private sectors, implementing disciplinary measures against defaulters, incurring less interference in the activities of the regulatory agencies, ensuring due process in the discharge of duties, avoidance of function overlap between regulatory agencies and promotion of public enlightenment.

The Nigerian government is focused on making the required changes to regulations. It has made changes by removing administrative barriers, copious documentations, dealing with unending lines of officials, and increasing transparency. It is hoped that these changes in the regulatory environment will help Nigeria in attracting more foreign and local investments to further develop the economy and achieve the aims and objectives of Vision 2020 well before the end of the decade.

FOREIGN INVESTMENT LAW

Nigerian Foreign Investment Law: An Overview

Nigerian laws have been friendly to foreign investors, especially since the mid-1990s when the laws relating to foreign ownership of Nigerian enterprises were liberalized. Foreign investment plays an important role in the prosperity and development of a country. Without the laws and legislations to protect such investments, investors are reluctant to take the risk and bring their resources in a legally and politically turbulent foreign country. Foreign investment laws address such concerns and reduce the risks associated with investing in the country.

The two most significant laws on foreign investment in Nigeria include the Nigerian Investment Promotion Commission Act 1995, (NIPC Act) and the Foreign Exchange Monitoring and Miscellaneous Provision Act 1995 (FEM Act).

NIPC monitors, coordinates, and guides both local and foreign firms in the establishment and operation of business enterprises. The agency also supports measures that enhance the investment climate in the country. It registers and keeps track of all enterprises that come under the jurisdiction of NIPC Act of 1995.

The NIPC has abolished all restrictions in respect of the limits of foreign shareholding of registered and domiciled enterprise in Nigeria. Foreign investors are allowed to buy shares of permitted Nigerian enterprises in local currencies. They are allowed to receive dividends or profits attributable to the investment in private concerns in the region. In addition, foreign investors are allowed total repatriation of capital in case the investor chooses to close down the operation in the country.

Doing Business in Nigeria – Rules & Procedures for Establishing a Presence

Investors who wish to establish a business concern in Nigeria are required to register with the Corporate Affairs Commission (CAC). The CAC regulates and supervises registry of companies in

Nigeria. A foreign company cannot carry out its operation in the country until it is incorporated as a local entity in Nigeria.

A minimum share capital of ten million Naira (about \$59,200) is required to register a limited liability company in Nigeria. All the investors are required to submit personal information and business details to get the firm registered with CAC and NIPC. A legal practitioner can be hired who can act on behalf of the investor.

Normally it takes about five days to register a company in Nigeria. However, companies can also opt for a 24-hour registration service upon payment of a specified fee. Upon completion of the incorporation process, the certificate of incorporation is issued to the company which signifies that the firm has been authorized to operate its business in Nigeria.

After obtaining the certificate of incorporation, the company must obtain a business permit from the Ministry of Internal Affairs. The business permit signifies that the company can commence its operations in the country. If the companies intend to deal with capital market securities, they must register with the Nigerian Securities and Exchange Commission (SEC).

All incorporated companies are required to comply with the statutory requirements of Companies and Allied Matters Act (CAMA) and NIPA. Some of the provisions of this act include statutory meetings, filling of annual returns, and keeping of books and accounts.

Companies can open a representative office in Nigeria without registering with the local authorities. But the representative office can only be used as a liaison or promotional office. They cannot conduct business of any kind in the country.

Joint Venture - Finding the Right Partner

Although foreign investors are allowed to fully

own business concerns in Nigeria under foreign investment laws, joint venture remains the most common form of foreign investment in Nigeria. Many foreigners find it prudent to invite local companies of high integrity as partners in the business. The main reasons for preference of joint venture ("JV") include important local contacts, knowledge of the local environment, public relations, stability, among other advantages usually contributed by local Nigerian companies.

Companies that want to form a joint venture in Nigeria must sign a JVA (Joint Venture Agreement) with a local company. The agreement sets the guidelines for running the operations of the joint venture. The parties to the joint venture may be individuals or incorporated bodies.

INCENTIVES TO INVEST

Attracting foreign investment to many of its key sectors is paramount to achieving the country's Transformation Agenda 2020 National Vision. The government has been working to further improve incentives to foreign investment. For example, 'Pioneer Status' offered to qualifying new foreign investments grants businesses 100 percent tax holidays for five to seven years. The country's foreign investment law also allows 100 percent foreign ownership in all sectors, except those related to national security and defense, and the oil and gas sector, which requires joint ventures or production sharing agreements.

Corporate tax concessions are also available. Industries using 60 to 80 percent of local raw materials in their production may be potentially eligible for a 30 percent tax concession for five years. Those businesses employing labor-intensive production methods may also enjoy a 15 percent tax concession for five years. Further tax incentives

for foreign investment are offered in the agriculture sector.

It is often easy to overlook the fact that Nigeria only returned to democracy roughly fifteen years ago, and the road to sustainable and rapid economic growth has been a bumpy one. There have been missteps along the way, and significant obstacles remain. However, if the government is able to develop a strong ongoing economic policy and continue aggressive institutional reforms, improvements in productivity and efficiency in the economic sector are highly likely. This in turn will surely position the private sector to better seize opportunities and attract foreign and domestic investment to Nigeria's borders.

Reinaldo Fiorini, director of McKinsey's Lagos office summed up the opportunities in Nigeria best when he said, "What people overlook are Nigeria's extraordinary advantages for future growth including a large consumer market, a strategic geographic location, and a young and highly entrepreneurial population."

By capitalizing on these strengths, those willing to invest on Nigeria are likely to reap the rewards.

Nigeria is one of the emerging economies of the world with great demand for goods and services. The present government has initiated a number of incentives and programs to attract foreign capital and boost local industries in the region. Foreign investors are now turning to Nigeria captivated by high rates of returns on their investments. As a result, the country has been successful in attracting around \$10-\$12 billion dollars annually from foreign direct investment. Due to the fiscal policies of the government, investment in the region has grown substantially, and that is contributing to the economy of the country in line with targets set in Nigeria Vision 2020.

Nigeria also possesses vast areas of land that are designated as specialized economic zones, or free trade zones. Companies operating in these zones are allowed a number of tax breaks, allowance, and incentives.

INVESTMENT ENVIRONMENT

CREATING AN ATTRACTIVE INVESTMENT ENVIRONMENT

The economic outlook of Nigeria is certainly bullish where its drivers are changing from oil exports to an economy driven by growing domestic demands. The present government has taken various initiatives to create a favorable investment climate for both local and foreign private investors. It has reformed regulatory framework of the country to guarantee a free market economy thereby creating a competitive investment environment for private investors.

Creating The Right Investment Environment

Nigeria has enormous natural resources, most of which are still yet to be developed. Opportunities exist for the investors in several facets of the economy including transport, manufacturing, telecom, consumer goods, and agriculture sectors among others. The government has been pursuing a policy of economic reforms that seeks to transfer state ownership of institutions to the private sector. These reforms have led to tremendous growth in private investment in the country.

The Nigerian Investment Promotion Commission (NIPC) is the federal agency in Nigeria responsible for promoting and creating the optimum investment environment in the country. The agency has offered a number of incentives to the private sector to encourage trade in the region. Some of the incentives included in its 2013 Fiscal Policy Measure include:

- import of machinery and spare parts for the establishment of solid minerals sector, local sugar manufacturing industry shall incur 0 percent import duty;

- sugar cane to sugar value chain investors have available tax holiday for up to five years;
- import of commercial aircraft and aircraft spare parts for use in Nigeria shall incur zero percent import duty;
- import duty on completely knocked down (CKD) components for public buses (40-seater capacity) is reduced to zero percent;
- import of PET (Amorphous Polyethylene Terephthalate) chips shall attract an import duty rate of zero percent.

The aim of these initiatives and actions is to promote private sector investment, reduce poverty and build a competitive investment environment in the region. The regulatory reforms put in place by the government intend to encourage competition, reduce taxation and create a stable investment environment in order to achieve its economic objectives outlined in Nigeria Vision 2020.

Creation of Trade Free Zones

Nigeria has about 14 operational free trade zones in the country. These free trade zones are located in areas ranging from 59 hectares to 10,500 hectares. The objective of establishing free trade zones in Nigeria is to promote development of export-oriented industries, enhance foreign exchange earnings, and generate employment opportunities for the local masses. The free trade zones offer a number of benefits to foreign countries registering a new business in Nigeria. These include tax holiday on all taxes including federal, state, and local government tax and 100% repatriation of capital profits and dividends

According to the approximately \$3.5 billion investment in the last two years. Olokola Free Trade Zone and Ogun Guandong Free Trade Zone are the biggest free trade zones in Nigeria. Other important free trade zones in Nigeria include Calabar Free Trade Zone, Tinapa Free Zone and Resort, Kano Free Trade Zone, and Lagos Free Trade Zone.

Apart from these about eight new free trade zones in Nigeria are under construction or awaiting sponsors to start the development process. The present government plans an extensive review of the facilities available in the free trade zones to ensure that they meet international requirements and help in attracting FDI and creation of additional jobs in Nigeria.

THE SUMMERSET UPPING THE GAME IN BOUTIQUE LUXURY

In its most simplistic form, hospitality is the ability to provide guests with a comfortable place to stay, while having all of the comforts of home, on a grand scale. The hotels of Nigeria, while still considered in its infancy stages when compared to other nations of the world, have taken great strides to help the nation in achieving its goal of becoming one of the top 20 economic countries in the world. This is largely, due to the fact that hotel groups, like the Summerset Continental Hotel Group, are rapidly expanding by adding additional hotels in various cities, as well as expanding on current hotels. Between 2014 and 2017 hotels in Nigeria have planned to add 4,700 additional rooms to the booming industry, where each is geared at providing guests with all of the luxury and amenities that can be expected from other 5 star hotels around the world, including international conference and meeting rooms, Wi-Fi, spas, pools, and so much more.

While Abuja plays an important role in the hotel industry in Nigeria, it is not on par with some of the other major cities and as such, has left majority of travelers lacking the features and comforts they would typically experience from hotels in places such as Lagos Nigeria, South Africa, Ghana, etc. With a limited number of hotels, offering the same quality experience as those of other major cities, Abuja is pushing to bring more hotels into the industry.

The Summerset Continental Hotel Group has always prided itself on its ability to provide both local and international travellers with the same exceptional quality that one would expect from a 5 star hotel, with pricing options that are able to rest comfortably within your budget. The rooms are tastefully and elegantly furnished and decorated for your personal comfort with modern technology. While enjoying your stay at any of the



two Summerset Continental Hotels, one is able to take advantage of the 24-hour dining services that serve authentic local cuisine as well as several international favorites. Meeting rooms have been created to cater to all business needs, as well as a laundry service and hotel salon, to ensure you are looking your best prior to attending your meeting.

Summerset Continental Hotels also offer guests with access to an on-site fitness center and pool, to cater to the health needs of guests, as well as providing hours of family fun, poolside. You can also make use of the massage services, hot tub and sauna to help relax and rejuvenate after a long day of work.

Summerset Continental Hotels also provide free Wi-Fi access for guests, making sure that you always have access to all of the creature comforts of home, such as social media outlets, emails and web surfing. According to Wasantha Dharmasena, GM of the hotel, "Summerset Continental is passionate about hospitality and has taken steps to give guests unbeatable service and amenities, while never losing sight of the important need for privacy that most guests require". This harmonic balance of service and attention to detail is what has made the Summerset Continental Hotel Group one of the premier hotel choices of travels, and why they have strived to provide groundbreaking architecture and contemporary design authenticity into each and every one of their locations.



LAGOS ORIENTAL HOTEL OPENS TO BUSINESS LUXURY

When traveling to Nigeria, make sure to check out Lagos Oriental Hotel, revered as one of the finest luxury hotels in Lagos. Lagos Oriental Hotel will give you the chance to experience a comfortable and relaxing time while visiting the most dynamic and vivid destination of the country.

From the moment of arrival at the hotel lobby, excellence and exclusive customer service meet luxury in the eyes of the most demanding traveler. The upscale comfort and modern décor provide guests with more than just a place to rest. Lagos Oriental Hotel provides the experience a guest must have while enjoying the high standards of a five-star destination.

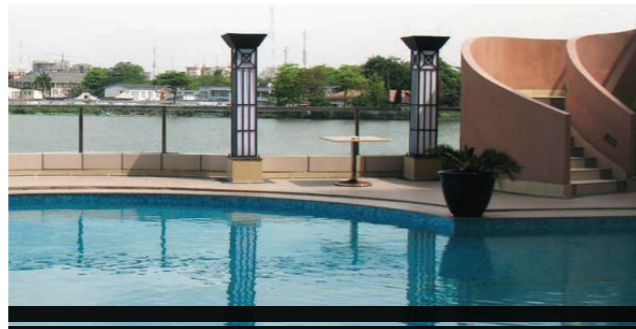
The rooms of the hotel are fitted with all sorts of amenities like LCD flat screen televisions, air conditioning, a guest-accessible safe and complimentary mini bar that offers several varieties of beverages to make every guest feel at home.

If visiting Lagos for business, there is access to the business wing of the Lagos Oriental Hotel where efficiency and business meet leisure. The business wing gives you the opportunity to experience the

buzz and feel the pulse of a world-class environment while doing business in a luxury ambiance guests will be delighted with top-notch amenities, stellar services, and free WI-FI in the lobby area. A soothing color scene at one of the finest upmarket accommodation destinations will make your stay at the Metropolis comfortable and relaxing. Lagos Oriental Hotel's location in the upscale neighborhood of Victoria Island in combination with the high-end services it provides, make it a unique destination for both business and pleasure travelers.

The hotel also features several restaurants and bars serving local cuisine as well as the Japanese Gourmet Restaurant and the Chinese Restaurant that will satisfy the most delicate appetite and preferences. The dedicated staff will make sure every guest experiences the luxurious VIP treatment and enjoys their time to the maximum.

“Mayumi” Japanese Restaurant offers special sushi delicacies prepared with the highest quality of ingredients along with an extensive selection of Japanese sake and wines, which meets all high standards of taste. The “Oriental Garden” Chinese Restaurant with its elegant services and exotic dishes will also exceed the expectations of every international traveler.



All the modern and world-class facilities, from the Japanese Gourmet Restaurant and the Chinese Restaurant to the grand ballroom, from the elegant lobby lounge to the spectacular pool, and from the conference room in the business wing to the luxurious suites, make Lagos Oriental Hotel one of the finest upscale destinations in Lagos.



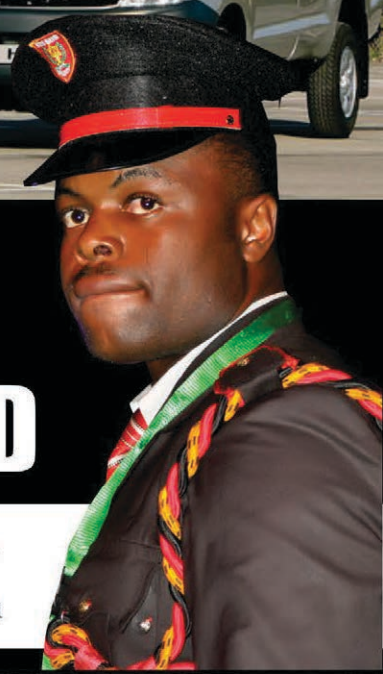
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