

# Business in Nigeria Post Election

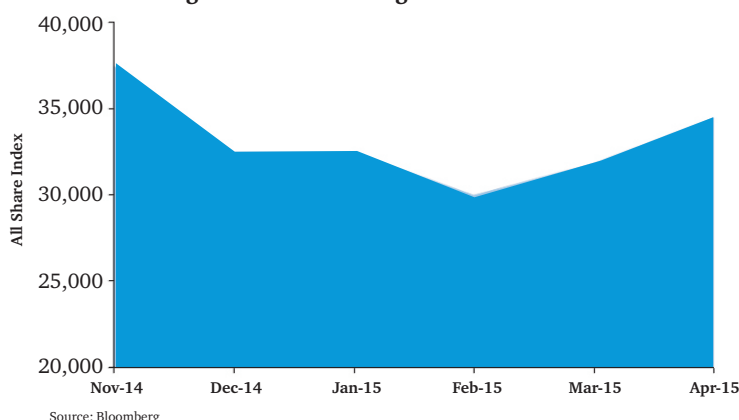


Finally, Nigeria's presidential election is over! Free, fair and peaceful were some of the words the global community used to describe the elections which made history when the incumbent administration conceded defeat. However, a long road still lies ahead for both the country and the opposition since this is its first time at the seat of power since the start of civilian rule in 1999. With its population about 20 percent of total African population and an economy larger than the 15 West African countries combined, the oil rich nation has remained a desired destination for investors, holding significant untapped potential.

## *A Promising beginning*

Against all odds, recent post-poll events have ushered in a fresh wave of optimism. Nigeria saw its stock index rise by 8.3 percent and its currency the Naira rose by 7 percent against the Dollar in the parallel market. Suddenly, the business environment is showing a bullish stance after months of lull and inactivity. In coming months, better economic indices such as lower exchange rates in the official market would imply lower costs for businesses and companies would be more willing to meet financial obligations.

Nigeria Stock Exchange All Share Index

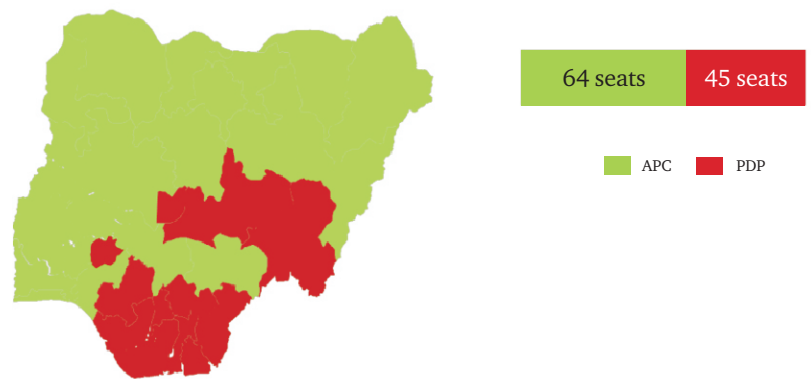


## Change in terrain

For the first time in the history of the democratic rule, Nigeria will be faced with a change like it has never seen before. In this new chapter, the opposition not only has the seat of power but also more than half of the seats in the legislature. This may have significant implications on the ability of the incoming administration to implement its plans and policies through the prompt passage of relevant bills.

2015 Presidential Election Results

2015 Senatorial Election Results



Source: Nigerianelections.org

## Change in focus- Reinforcing change

With the incoming administration's promise of "change", considerable changes in focus are expected from the pro-capitalist policies of the incumbent administration. As their campaigns were centred on improving developmental indices (poverty reduction, employment, security, etc.), tackling corruption, insecurity and diversifying the economy are atop the administration's priority list. Attempts by the outgoing administration yielded mixed results.

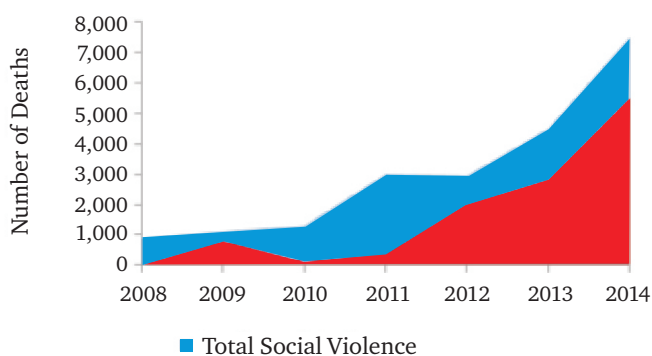
In 2014, Nigeria was ranked 136th Of 175 countries on "corruption index" and 175th of 189 countries on "ease of doing business index". In Nigeria, starting and running a business is filled with numerous bottlenecks and hurdles which have

become breeding ground for corrupt practices.

The unrest in the North East has led to the cessation of several business activities, destruction of infrastructure and the loss of over 11 thousand lives. The consistent oil theft and vandalism in the Niger delta has reduced the country's oil output and the loss is estimated at \$8billion each year – around one-third of Nigeria's 2014 budget.

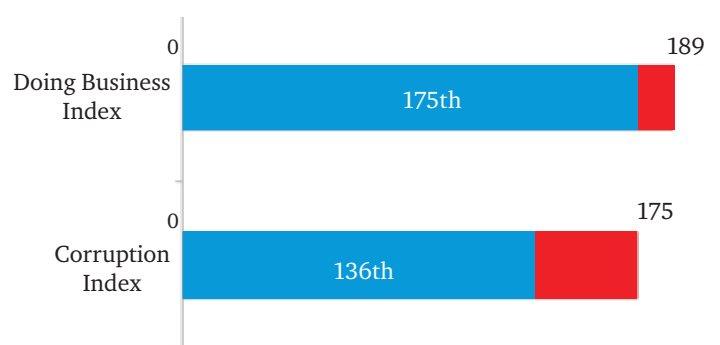
Heavy reliance on oil and gas has exposed Nigeria to the rollercoaster trends of the global energy sector. The fall in oil prices has led to dwindling fortunes for the country, reducing its revenue by 15 percent in January 2015.

Number of Death due to social violence (Nigeria)



Source: connectsafrica.org

Rankings of Nigeria (Doing Business and Corruption)



Source: Transparency International, World Bank Doing Business

Through specific initiatives, appropriate economic policies and innovative incentives, the administration plans to cover these three areas. With reduced incidents of insecurity, we see Nigeria becoming the prime destination for major investments in Africa, bringing massive growth across several sectors. Massive infrastructure will be needed as the incoming Government attempts to restore areas affected by insecurity.

Economy diversification will set in motion growth across various sectors as the three million jobs per annum it plans to create can only be initiated by encouraging opportunities in budding industries. Agriculture and other budding industries such as manufacturing – cement and textile, entertainment, information and communications technology are expected

to play a bigger role in terms of domestic production, contribution to GDP and employment. Companies/potential investors will need to keep abreast of relevant policy changes in order to take advantage of opportunities as they arise.

As regards corruption, if successful, we expect to see transparent processes in which businesses work faster with fewer unpredictable financial burdens. Also, companies would need to ensure transparency in all business activities and maximum compliance with relevant tax laws and statutory regulations.

Though paved with uncertainty in the coming years, Nigeria looks promising for businesses. With the right policies, more stability and innovative incentives, Nigeria is poised to play a larger role in the global economy.

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