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Promoting Economic Prosperity

Analysis of the State-Level Business Environment in Nigeria

British
High Commission
Abuja

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Foreword

We are pleased to present the findings from the State Level Business Environment Analysis conducted across four Nigerian States (Anambra, Edo, Ogun and Niger).

This report has been prepared by PwC in response to a request by the Foreign and Commonwealth Office (FCO). The purpose of the study was to:

- Identify challenges and opportunities for doing business, and examples of good practices in the focus states.
- Provide key recommendations as to how the United Kingdom (UK) can broaden prosperity and commercial engagements that help Nigerian states make the most of their economic development opportunities.

This report is sequel to the March 2016 publication which evaluates the key sectors of opportunity for UK businesses in Nigeria.

To form our conclusions, we have used a combination of quantitative analysis of publicly available data as well as insights gathered from interviews with a sample of private sector companies, key state parastatals, business and trade groups, and development agencies. Our findings show that fostering an environment conducive for business and competitiveness is key to promoting economic prosperity.

We would like to use this opportunity to acknowledge and appreciate the support we received from the Foreign and Commonwealth Office (FCO), respective state governments, private companies, business and trade groups, development agencies interviewed and PwC's panel of experts.

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Executive Summary

The impact of lower oil revenues has been severe, resulting in a renewed focus on economic and fiscal diversification

The Nigerian economy has experienced improved social and economic performance over the past decade, but is facing significant headwinds following the adverse shock to the oil price since mid-2014, and more recently significant production shortages following pipeline vandalism in the Niger-Delta region.

In 2016, the economy officially slid into recession, recording negative growth of 1.5%. Foreign exchange shortages and high inflation have hampered the growth of the manufacturing and services sectors, with administrative controls put in place by the Central Bank resulting in a reduction in Foreign Direct Investment (FDI) and Foreign Portfolio Inflows (FPI).

In an attempt to diversify the economy, the Federal Government has provided various import, export, trade and infrastructure incentives, and is actively investing in creating a favourable business environment to attract investment into the economy.

The Federal Government through the Presidential Enabling Business Environment Council (PEBEC) approved a 60-day action plan aimed at removing critical bottlenecks and bureaucratic constraints in eight (8) priority areas for doing business in Nigeria. Significant improvements have been recorded in the areas of: starting a business, dealing with construction permits, registering property, getting credit, trading across borders, and entry and exit of people.

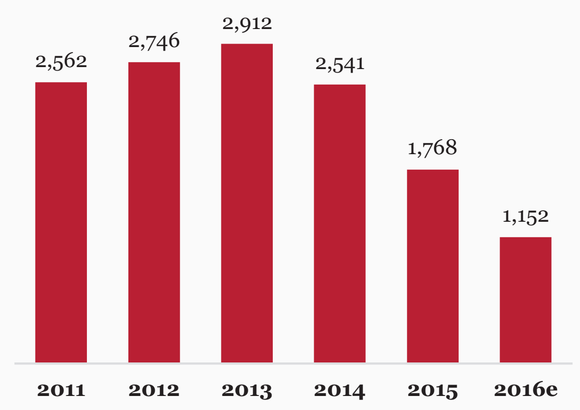
Improvements in the business environment are necessary to deliver economic and fiscal diversification

Government revenues have declined almost 50% over the past two years, following the oil price drop in the second half of 2014. The impact of this on the states has been severe. A number of state governments have been unable to pay employee salaries and many have been forced to defer capital expenditure.

In 2015, the Federal Government intervened with a bailout package of NGN 338 billion[1] to 27 states (including Edo, Ogun and Niger), to ensure employee salary obligations were met. In 2016, another bailout fund of NGN 90 billion was created but this time with stringent conditions intended to enforce fiscal responsibility within the states.

With traditional sources of financing stretched and increasing pressure on basic infrastructure from a growing population, states urgently need to increase the flow of private investment. Our discussions with the private sector indicate that there is great interest in investing at the sub-national level, but the bottlenecks in the business environment remain a challenge.

Figure 1: FAAC Allocation to state governments (2011-2016, NGN billion)



Based on our assessment, challenges to doing business are broadly similar across all states. However, the magnitude of the challenges varies and depends on policy initiatives in each state and the implementation thereof

We have identified limited access to finance and inadequate infrastructure, especially power supply as major business constraints. In addition, we highlight the following constraints in the state level business environment as identified in the course of our study:

- Lack of clarity on registration procedures for new businesses
- High cost of land acquisition and difficulty in obtaining land title
- Sanctity of agreements and enforceability of contracts
- Inadequacy of intra state transport infrastructure (road and rail)
- Low level of automation of business processes within the civil service
- Lack of clarity of around investment protection laws
- Raw material shortages
- Weak Public Private Partnership framework

The agriculture and manufacturing sectors emerged as priority sectors for diversification

Box 1: Agriculture

Large scale mechanised agriculture and agro-processing were the major investment opportunities in agriculture cited in all focus states. Major business constraints identified were poor organisation of farmers, inadequate processors, insufficient funding, limited agriculture research, poor infrastructure (power and roads from farm areas to markets) and limited market outlets for produce.

Anambra State
The government aims to become a top-3 producer of rice, cassava and maize in Nigeria by 2017. To this end, the government has increased its 2017 budgetary allocation to agriculture by 500% to NGN5.4 billion, provided investment incentives (e.g. tax relief options) and has taken steps to resolve land related issues in the state.

Edo State
Edo State is known for its cash crops of oil palm, cocoa and rubber. The state is home to the two largest oil palm producers in Nigeria and will be home to the first Integrated Agric Produce City expected to serve as a farm settlement, industrial park, export processing zone, farm produce preservation centre and commodities exchange centre. The state government is seeking Public Private Partnerships (PPPs) to increase large scale businesses across the agriculture sector.

Ogun State
The favourable climate and good vegetation across the state makes it an attractive location for the cultivation of various cash and food crops which include tobacco, maize, cassava, cocoa, yam, rice, palm oil, cotton and rubber. The state is focused on developing the agricultural value chain especially processing activities, and promoting farm clusters.

Niger State
Agriculture is a major focus area for the current administration with special attention being paid to the shea butter value chain as Niger accounts for ≈60% of shea butter production in Nigeria. The government is focused on improving farm mechanisation techniques and agricultural processing in order to enhance productivity and competitiveness.

Box 2: Infrastructure Development

All the states in focus have made significant efforts at improving road infrastructure, and are now looking to forge partnerships with the private sector in the areas of power, transportation and Information, Communication and Technology (ICT)

Anambra State
The state has signed a Memorandum Of Understanding (MoU) with Zolt Energy Limited for a 40MW embedded power generation in Onitsha. So far, the state has signed 4 MoUs which attracted a total of USD560.3 million investment in power generation. The government has also set aside about NGN24 billion on the rehabilitation of 300km of roads across the state.

Edo State
The government is implementing gas to power projects such as the Azura-Edo Independent Power Plant for the provision of 450MW of electricity (phase 1) in the state by Q1/Q2 2018, and has commissioned construction of three (3) major roads in the state.

Ogun State
The state government has kicked off the construction of three (3) light rail lines covering four divisions of the state to ease the flow of people and cargo. The development of the Olokola Free Trade Zone is priority in positioning Ogun State as a Southwest hub for manufacturing.

Niger State
Planned infrastructure projects in the state include the construction of a 100MW hydro power dam, a 200MW solar powered plant and the development of a mono-rail expected to be completed in 2019.

Industrialisation and infrastructure development are key to attracting trade and investment flows

Box 3: Industralisation

Most states have developed a diversification strategy which is hinged on industrialisation.

Anambra State

Anambra State is widely known for its large trade and commercial activities in two of its major cities - Onitsha and Nnewi. Part of Anambra's industrial strategy is to ensure adequate power supply to the state's industrial zones, in order to boost the capacity utilisation of all manufacturers.

Anambra State aims to become the manufacturing hub for automobile and automobile related parts in the country. The state houses the only indigenous automobile manufacturing plant in Nigeria – Innoson Motors – and several major auto parts manufacturing factories. It is loosely dubbed the 'Japan of Africa' as it accounts for over 70% of auto parts (including motorcycles) manufacturing businesses in Nigeria.

The Federal Government of Nigeria (FGN) has begun plans to construct and develop an automotive industrial park in Nnewi. The automobile park will serve as a one-stop shop for spare part manufacturers in Anambra and other neighbouring states.

This positions Anambra State as a major assembly hub for international auto companies leveraging Nigeria's economic prospects, population size, and strategic location as a hub for Africa.

Edo State

The industrialisation of the state has now become a major focus of the newly elected government with a strategic plan to ensure the state becomes an economic hub of agricultural and industrial activities.

The planned Ossiomo Industrial Park and Gelegele seaport are expected to make the state a major trade hub for the South-South region.

Ogun State

Ogun State is referred to as the 'New Jersey' of Nigeria as a result of its proximity to Lagos State. The state has evolved to become the preferred investment destination and is focused on the continuous localisation of industries.

The state has conducted road shows to attract foreign investors which has resulted in foreign direct investments from Chinese businesses targeted at agriculture and mining. There is also a PPP agreement between the state and Continental Leasing Limited to develop a new Agbara Industrial Estate planned to attract medium and heavy manufacturing industries.

Niger State

Niger State has the potential to establish a thriving mining industry given its under-explored deposits of solid minerals including gold. The government is focused on identifying the available mineral resources in the state, and estimating the amount of deposits. The state government is keen to develop the sector, particularly extraction and processing, as well as funding research studies in the area of solid mineral exploration.

There are some key actions needed to address the challenges in the business environment and attract investment at the state level

From our field study, agriculture, manufacturing, transport infrastructure (road, rail) and power generation are some of the recurring themes for possible investment. The states governments have made varying levels of progress, in easing some of the business constraints within the state. However, there is much still to be done to bridge the gap especially given the fiscal constraints they face. States need to attract investment for establishing businesses and job creation; delivering infrastructure and capital projects; and generating additional tax revenues. States already offer a number of incentives to investors including: land acquisition and processing support, tax relief, premium/rebate on land and investments to address infrastructure needs.

However, to fully realise this objective, it is clear that both the Federal and State Governments are required to work collaboratively to address the pending areas. A number of these can be done independently (i.e. by states and by the Federal Government). However, some of these require working together and aligning plans in order to achieve desired outcomes. In addition, both governing units require continuous dialogue with industry and other stakeholders to identify areas where intervention is required in order to attract the investment so badly needed in the states' economies.

Box 4: Summary of Actions Required to Address Gaps and Position Competitively

Federal	State	Federal/State
▪ Institutionalise framework for Public Private Partnerships in the focus sectors	▪ Overhaul, automate and increase transparency of processes for registering businesses, obtaining permits and paying taxes	▪ Identify and execute investment policy reforms targeted at increasing investor confidence in doing business in the states
▪ Revise policies restrictive to business (e.g. variability in tariffs, use of drone technology etc.)	▪ Strategically deploy scarce capital resources (e.g. build key roads to improve access to market or IPPs that improve power to industrial areas)	▪ Attract grants and credit to the government to support growth of SMEs in specific sectors with minimal conditions attached
	▪ Design and implement targeted technical training to build capacity for the key sectors	▪ Accelerate reforms to judiciary process and provide alternative dispute resolution (ADR) options
		▪ Explore joint funding for strategic projects across priority sectors

Investors looking to take advantage of opportunities within the various sectors should consider the following as they explore investment in the states:

1. Business Incentives – These are available across most sectors and are negotiable depending on the nature of investment. Engaging the appropriate state authorities is often key to understanding the available incentives.

2. Government Posture – Most state governments are increasingly business oriented and are seeking investments in these areas to develop their state economies. Selecting a business friendly location can significantly affect outcome.

3. Infrastructure Gaps – Investors may need to provide their own infrastructure in certain sectors. In a number of cases, these infrastructure gaps present investment opportunities.

Project Methodology

Project Methodology

Our Approach

This study was conducted to identify state level opportunities and challenges to doing business as well as pathways for the UK to deepen relationships with business friendly stakeholders.

To achieve these broad objectives, we conducted both primary and secondary research which included a mix of desktop research, structured face-to-face interviews and telephone conversations. This research generated a mix of qualitative and quantitative information which was analysed and presented in this report.

Parties interviewed for this study include state government representatives and parastatals, the organised private sector, non-governmental organisations, international donor agencies and companies located in the selected states. In order to fully analyse the information obtained in the course of the study, we also conducted macro-economic analysis based on available data to evaluate the economic strengths and vulnerabilities of the states. This was complemented by responses received from various stakeholders during interviews.

Statistics Explained

In assessing the vulnerabilities of state finances we developed a number of useful indicators. These include:

IGR to recurrent expenditure ratio: This was used to measure the extent to which state governments can finance non-discretionary expenditures based on Internally Generated Revenues (IGR).

IGR per capita: This was computed to highlight the potential for all states to improve revenue generation considering that a huge proportion of state IGR depends on size and wealth of the population.

Data Limitations

State level socio-economic statistics and other secondary information, where available, were largely outdated. Consequently, this limited the use of quantitative analysis in this study. In some cases, projections were produced based on assumptions which are clearly stated and explained. Sources of information used in the report have been pooled from insights gathered during interviews conducted and could not always be independently verified, neither is the information provided exhaustive.

The use of the term "focus states" throughout this report refers to Anambra, Edo, Ogun and Niger States.

The Nigerian Business Environment

Nigeria is more than a resource story although dependency on oil leaves the economy vulnerable

Country Statistics	
Resources	
Crude oil reserves	37.2 billion barrels
Natural gas reserves	5.2 billion cubic meters
Solid minerals	About 109 mineral deposits*
Economic	
Nominal GDP (billion)	USD 332.6
GDP per capita	USD 1,778
Real GDP growth	-1.5%
GDP by economic activity	• Agriculture (24.4%) • Industry (22.0%) • Services (53.6%)
Major exports (%)	• Crude oil (82.4%) • Agriculture (0.6%) • Others (17.0%)
Major imports (%)	• Refined petroleum products (29.1%) • Machineries(23.5%) • Chemical products 8.3%) • Others (39.1%)
Social	
Population **Population growth**	187 million 3% per annum
Labour force **Productivity**	81 million people USD 3.6/hr
Population below poverty (earning less than USD1/day)	64%
Unemployment	13.9%
Underemployment	19.7%
Urban/Rural population	47.8%/ 52.2%
Rate of urbanisation	4.7%

Sources: National Bureau of Statistics, United Nations Conference on Trade and Development (UNCTAD), United Nations, Organisation of Petroleum Exporting Countries (OPEC), Nigeria Data Portal

** - Details in the appendix*

Nigeria is the largest economy in Africa with 2016 GDP of USD 332.6 billion. As the 7th most populated country globally and 1st within the continent, the economy enjoys favourable demographics, with a population of 187 million, of which 54% are within the 15-64 years age bracket, and 27% of these are youths.

The economy has experienced improved social and economic performance over the past decade. However, it is facing significant headwinds following the adverse shock to the oil price since mid-2014, and more recently, significant production shortages following pipeline vandalism in the Niger-Delta region.

In 2016, the economy officially slid into recession, recording negative growth of 1.5%. Foreign exchange shortages and high inflation have hampered the growth of the manufacturing and services sectors, with administrative controls put in place by the Central Bank resulting in a reduction in Foreign Direct Investment (FDI) and Foreign Portfolio Inflows (FPI).

However, long-term prospects are positive, driven largely by the scale of Nigeria's resources beyond oil which remain mainly untapped. According to PwC's long term projections, Nigeria could become the 14th largest economy (currently: 23rd) in the world by 2050[1], and record average growth of approximately 4% per annum in the long run, assuming the country succeeds in economic diversification. Growth will be largely driven by demographic changes, as Nigeria is poised to experience strong increases in total population and working age population between 2016 and 2050 which will push total population to 399 million, 3rd globally by 2050. To cope with this demographic challenge, Nigeria needs to implement reforms that will deliver inclusive growth. These include improving tax collection, deepening economic diversification, reducing corruption, easing the constraints to doing business and increasing overall labour productivity.

All indicators are as at 2016 except – urban/rural population (2015) and rate of urbanisation (2015)

Trade flows have declined in line with weaker exports and slower economic growth

Trade subdued in line with slower growth

Nigeria's total trade in 2016 was estimated at USD 68.3 billion[2], a 60.3% decline from the peak of USD 172.0 billion in 2011. This reflects a trend of shrinking exports and imports, driven by reduced oil prices and lower domestic consumption as the economic growth stalled and its impact spread. Crude oil remains the dominant source of exports (82.0% of exports), while refined petroleum accounts for the largest share of imports.

India is a major destination for Nigeria's exports. In 2016, 18% of Nigeria's goods were exported to India dominated by crude oil. The import composition shows that China, Netherlands and the United States of America (USA) account for 40% of Nigeria's total imports (see Figure 3).

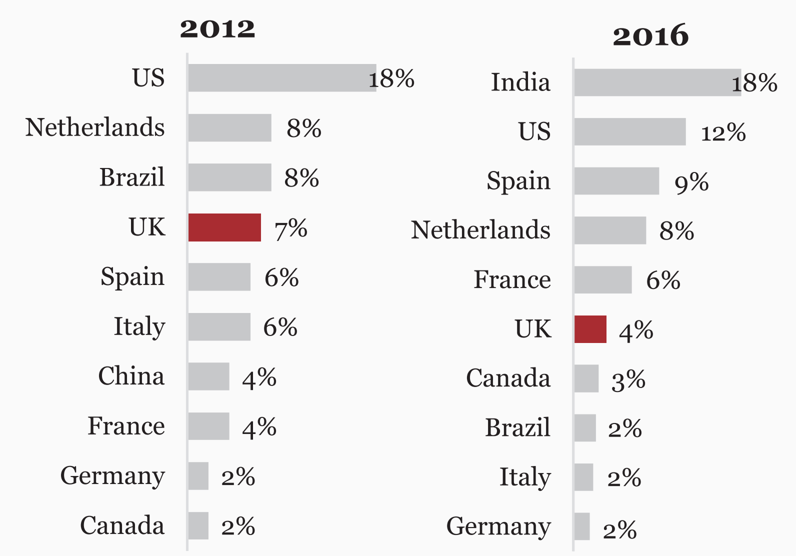
Bilateral trade between Nigeria and the United Kingdom has declined in recent years

The UK has been one of Nigeria's major trade partners, accounting for an average of 4.2%[2] of its external trade over the last 5 years. Bilateral trade between Nigeria and UK was USD 2.6billion in 2016, its lowest level in the past 10 years, reflecting the rising importance of emerging markets in global trade.

Nigeria's imports from the UK have almost halved from 2012 levels, with China increasingly established as a source of cheap consumer goods. Machinery and transport equipment were the main imports from the UK, accounting for 55.2% of imports in 2016.

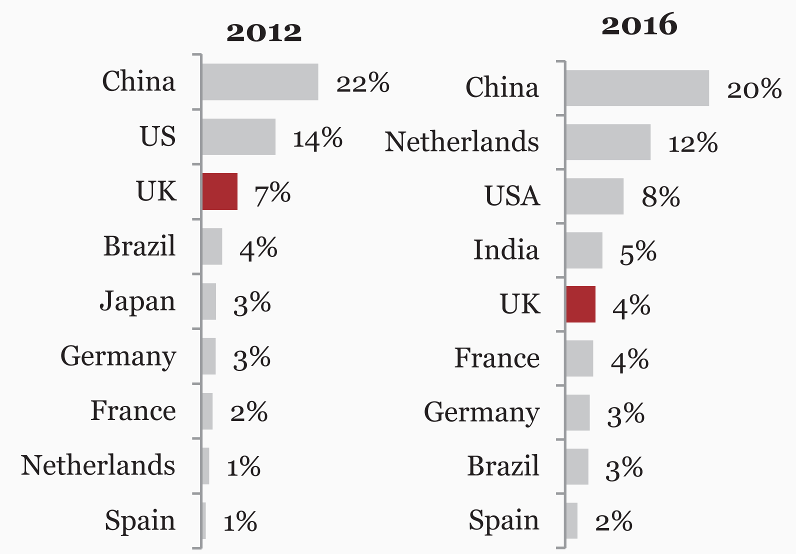
Similarly, exports to the UK declined 80.4%[2] over the same period, reflecting lower oil exports. Despite the current slowdown in bilateral trade flows, the UK remains a strong economic partner for Nigeria, given its historical ties, the large Nigerian diaspora resident in the UK, and the reputation of UK brands.

Figure 2: Top Export destinations for Nigeria (share of total export trade)



Source: Nigerian Bureau of Statistics (NBS) , PwC Analysis

Figure 3: Imports into Nigeria (share of total import trade)



Source: Nigerian Bureau of Statistics (NBS) , PwC Analysis

The UK remains a key source of foreign investment inflows into Nigeria's economy

Despite declining Foreign Direct Investment (FDI) inflows in recent years, the UK remains a major source of FDI into Nigeria

Nigeria's FDI inflow was USD 3.1billion in 2015[3], the lowest since 2005 and a 65.1% decline from the 2011 peak of USD 8.9 billion. This reflects the uncertain policy environment and more importantly, the currency controls implemented by the Central Bank which has significantly impacted business activities. In 2015, Nigeria was the 6th largest recipient of FDI in Africa behind Angola, Egypt, Mozambique, Ghana and Morocco from 1st position in 2011[4].

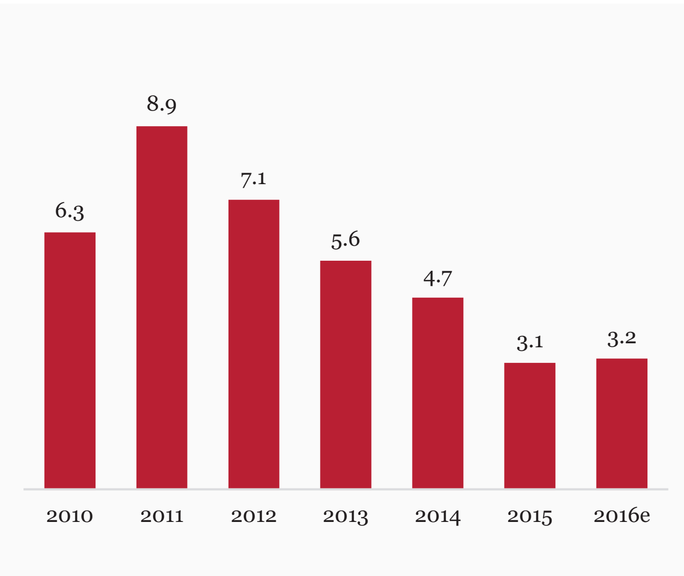
The UK remains one of the major sources of FDI into Nigeria, accounting for 47.3% of total capital importation into the country over the past three years. Capital importation from the UK, which includes FDI and portfolio flows was estimated at USD 16.9 billion, almost 3 times the contribution from the United States over the same period.

The UK remains important and influential in Nigeria's growth story despite recent economic challenges

The UK is home to a very large Nigerian diaspora population and accounted for 18% of Nigeria's remittance in 2015[5]. In addition, British businesses are deeply involved in Nigeria's growth story with investments in the Oil and Gas, the Fast Moving Consumer Goods (FMCG) and the services sectors parading notable brand names such as: Shell, Diageo (Guinness), Unilever, GlaxoSmithKline, British American Tobacco, PZ Cussons and British Airways. Through FDI, the UK has enabled Nigeria's growth through the enhancement of productivity and creation of jobs[6](Sutton & Kellow, 2010).

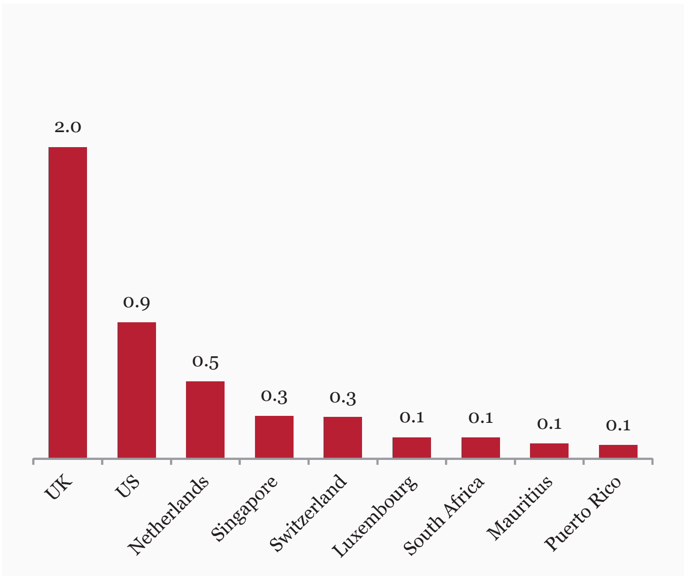
In the medium to long term, more FDI opportunities are expected to evolve for UK businesses, especially in the services and consumer goods sectors. This will be driven by the government's import substitution drive as well as Nigeria's service based economy which accounts for 53.6% of GDP.

Figure 4: Nigeria - FDI inflows (USD Billion)



Source: Nigerian Bureau of Statistics (NBS) , PwC Analysis

Figure 5: Nigeria – capital importation (top 5 in 2016, USD Billion)



Source: Nigerian Bureau of Statistics (NBS) , PwC Analysis

The Nigerian Government has adopted various trade incentives to attract investments and promote economic diversification. However, implementation is often poorly managed and contradictory policies enacted

Import Incentives

Import duty	The Federal Government in October 2016 approved The 2016 Fiscal Policy Measures which includes the Supplementary Protection Measures (SPM) and is expected to be implemented alongside the ECOWAS Common External Tariff (CET) 2015 – 2019. A key feature of this implementation plan is a reduction of import duty rates on specific items on the national list aimed at promoting the development of sectors deemed critical to the economy. Notable amongst these include: 0% on machineries and equipment for Agriculture, Cement, Power, Iron and Steel, Solid Minerals and Textiles.

Export Incentives

Export Expansion Grant (EEG)	Grant issued to non-oil exporters to reduce production and distribution costs, thus enhancing global competitiveness of Nigerian exports.
Export Oriented Industries	Industries that export more than 6% of their production get 10% tax concession for a period of five years.

Trade Incentives

Local Raw Materials Utilization	Industries that use the following proportions of local raw materials get 30% tax concession for five years: • Agriculture - 80%, • Agro allied - 70%, • Engineering - 65%, • Chemical - 60%, • Petro chemical - 70%
Pioneer Status	Five-year tax holiday granted to companies with pioneer status

Infrastructure Incentives

Tax Deductible	20% tax deductible on the costs of providing basic infrastructure needs (roads, electricity, water)

Source: Nigeria Investment Promotion Council (NIPC) – Fiscal Incentives in Nigeria (Lessons of Experience)

The PEBEC has recorded significant progress in delivering on its mandate to ease the constraints to doing business in Nigeria (1/2)

Start Date	Midway Date	End Date
February 21st, 2017	**March 23rd,2017**	**April 21st, 2017**

The Presidential Enabling Business Environment Council (PEBEC) approved a 60-day national action plan aimed at removing critical bottlenecks and bureaucratic constraints to doing Business in Nigeria. The plan is being implemented by various Ministries, Departments and Agencies (MDAs), the Lagos and Kano State Governments, the National Assembly and other stakeholders with support from the Enabling Business Environment Secretariat (EBES).

The priority areas being addressed include:

- Starting a business
- Getting credit
- Trading across borders
- Getting electricity
- Registering property
- Entry and exit of people
- Construction permits
- Paying taxes

Box 5: Achievements to-Date

Starting a Business

- Active online search of company names on the CAC portal to prevent choosing an existing name
- E-submission of registration documents enabled via the CAC portal
- Federal Inland Revenue Service E-stamping integrated on to the CAC portal
- SMEs no longer need lawyers to prepare registration documents
- Introduction of a single form for incorporation
- CAC timeline for registering a company revised to 24 hours after application
- Enable CAC internal lawyers to handle certification and statutory declaration of compliance
- Improve reliability of online portal to ensure 99% upturn

Dealing with Construction Permits

- Fees, procedures and laws are published on the Lagos State Physical Planning and Permit Authority (LASPPPA) website
- Qualification laws for architects and engineers who supervise construction are published online
- Clarity on Environmental Impact Assessment (EIA) and soil investigation published on LASPPPA website
- Functional e-platform to submit and track applications online

Source: PEBEC – Midway Progress Update:60-Day National Action Plan

Done & tested | **Done & awaiting feedback** | **Work in progress**

The PEBEC has recorded significant progress in delivering on its mandate to ease the constraints to doing business in Nigeria (2/2)

Box 5: Achievements to-Date (cont'd)

Registering Property

Sworn affidavit no longer required for conducting title search	Done & tested
Option available to make complaints online	Done & tested
Streamlined procedures for registration for stamping of Deed Of Assignment	Done & awaiting feedback
Consolidation of multiple registration fees into one fee	Work in progress
Time reduction for Governor's consent on applications	Work in progress

Getting Credit

Increased use of National Collateral Registry for online enquires	Done & tested
E-submission of registration documents enabled via the CAC portal	Done & tested
Passage of two bills by the National Assembly aimed at improving access to credit	Work in progress

Trading Across Borders

Compulsory use of pallets for imports to ensure quicker physical examinations	Done & tested
Vessels importing goods to Nigeria now required to send manifest in advance	Done & tested
Consolidation of multiple physical examination of cargo by the Nigeria Customs Service (NCS) to ensure only one contact point between importers and officials	Done & tested
Optimising pre-shipment processes for exports and reduced documentation	Work in progress

Entry and Exit of People

A newly approved and launched immigration regulation soon to be publicly available	Done & tested
Consolidated arrival and departure forms currently in use at airports	Done & tested
Electronic submission of visa applications and receipt of approval letters within 48 hours	Done & awaiting feedback
Replacement of manual baggage search with baggage scanners at airports	Work in progress

The PEBEC Midway Progress Update outlines achievements in only six of the eight priority areas. No achievements were highlighted for 'getting electricity' and 'paying taxes'.

Done & tested | Done & awaiting feedback | Work in progress

Source: PEBEC – Midway Progress Update:60-Day National Action Plan

States in Focus

Sub-national budgets have been constrained by lower revenues, limiting the ability of states to make investments that drive economic diversification

Revenue diversification is key for the government to deliver improved economic and social outcomes

Government revenues have declined by nearly 50% over the last two years, following the oil price drop in the second half of 2014. The impact of this on the states has been severe. A number of state governments have been unable to pay employee salaries and many forced to defer capital expenditure. Lagos and Rivers states were the least affected, as both now have significant Internally Generated Revenues (IGR). This IGR covered more than 50% of recurrent expenditures in 2016, a reflection of major improvements in their local tax receipts (see Figure 7).

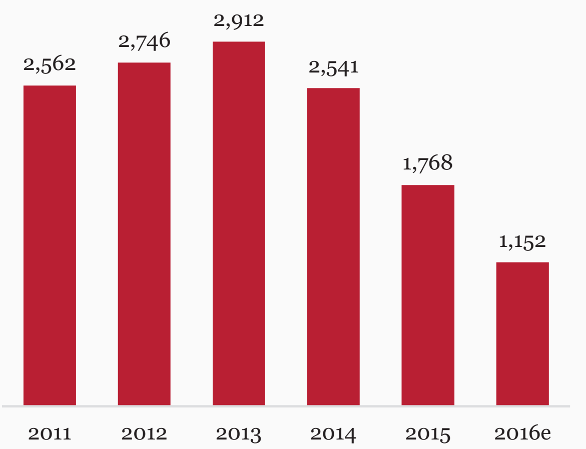
In 2015, the Federal Government intervened, with a bailout package of NGN 338 billion[7] to 27 states (including Edo, Ogun and Niger), to ensure employee salary obligations were met. In 2016, another bailout fund of NGN 90 billion was created but this time with stringent conditions intended to enforce fiscal responsibility within the states. Most states continue to look to ad hoc disbursements from the Federal Government to ease their fiscal challenges. As part of efforts to improve resilience in the states, DFID is working with Edo, Ogun and Niger States, providing technical assistance for tax harmonisation aimed at improving collection processes and transparency.

Capital spending requires private sector participation

Over the past 5 years, we estimate that 64%[8] of overall capital spending in Nigeria has taken place at the state level. Thus, the impact of constrained fiscal finances could be severe and covering the fiscal gap through tax increases or spending cuts could mean delaying the growth benefits of public investments (IMF, 2017).

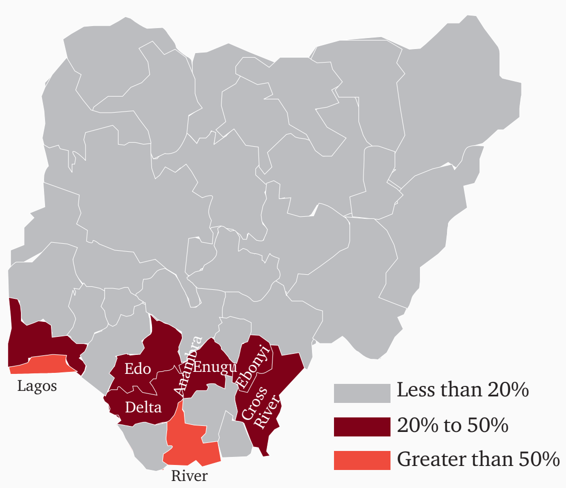
Assuming there was no decline in revenues, state budgets can afford to fund only 6% of the USD 100 billion[9] investment required annually. The socio-economic benefits of this low level of investment is limited. With traditional sources of financing stretched and increasing pressure on basic infrastructure by a growing population, states urgently need to increase the flow of private investments into infrastructure. Our discussions with the private sector suggest that there is interest in investing at the sub-national level but the challenges in the business environment remain a major factor in decision making.

Figure 6: FAAC Allocation to state governments (2011-2016, NGN billion)



Source: BudgIT , PwC Analysis

Figure 7: States IGR to Recurrent expenditure Ratio (2016 estimates)



IGR to Recurrent expenditure Ratio: This measures the proportion of the states non-discretionary expenses financed by IGR.

Source: BudgIT , PwC Analysis

Improving the business environment is key to increasing investment flows required to address Nigeria's financing shortfall and drive job creation

Ease of doing business: Sub-national rankings

The World Bank's "Doing business in Nigeria" report for 2014 details the sub-national rankings across four indicators: starting a business, registering a property, enforcing contracts, and dealing with construction permits. The indicators measure business regulation and the protection of property rights and their effect on businesses, especially small and medium-size domestic firms[10].

Figure 8 shows the rankings of the focus states compared with the "best in Nigeria" across each criteria. Significantly, there are two key observations: (i) None of the focus states is best in Nigeria in any of the four indicators and (ii) Each of the states outperformed the rest of the group in only one indicator. These would suggest that there are best practices in each state that can be shared to raise the overall performance of all the states.

These rankings by no means measure how progressive a state is relative to the others. Instead, they illustrate the requirement for appropriate actions by state governments to improve the business environment, in order to enable them deliver on their social agenda including employment creation and poverty reduction.

Academic literature across different regions shows strong links between the quality of the business environment and FDI inflows

The World Bank's Doing Business Group *(2013)* examined the relationship between business environment indicators and FDI flows. This approach uses distance to frontier scores rather than economic rankings and covers between 145 and 160 economies across different criteria. Results suggest that on average across economies, an increase of 1 percentage point in regulatory quality is associated with an increase of USD 250–500 million more in FDI inflows.

Jayasuriya (2011) using panel data of 84 countries from 2006 to 2009 examined the relationship between improvements in some determinants of the doing business rankings and FDI. The results suggest that on average, an increase in the doing business rankings significantly increases FDI inflows by approximately USD 300 million[11].

Figure 8: Ease of Doing Business Ranking (ranked over 35 states* and Abuja FCT)

State	Rank
Starting a Business	
Edo	14
Ogun	5
Anambra	23
Niger	15
Abuja FCT	**1**
Registering a Property	
Edo	34
Ogun	28
Anambra	32
Niger	6
Zamfara	**1**
Enforcing Contracts	
Edo	5
Ogun	17
Anambra	30
Niger	13
Katsina	**1**
Dealing with Construction Permit	
Edo	33
Ogun	16
Anambra	28
Niger	5
Jigawa	**1**

**Excluding Borno state*

Constraints to doing business across most Nigerian states are similar, but with differing levels of severity (1/2)

Based on our assessment, state-level constraints to doing business are broadly similar across all states. However, the magnitude of the challenges varies and depends on policy initiatives in each state and the implementation thereof. In this study, we have identified 18 broad constraints faced by businesses in focus states. In addition, the following key observations were made during the study:

- Poor infrastructure development, tax multiplicity, shortage of skilled personnel and high cost of land acquisition were the most cited challenges to doing business at state level by respondents.
- Ogun State is perceived as the most business friendly state, with significant improvements to security and infrastructure development, especially in transport infrastructure. In addition, most respondents acknowledged the government's efforts towards addressing constraints to doing business.
- Niger State has significant gaps in infrastructure and skilled human capital. However, these challenges are being addressed through the State's 2015 – 2019 Development Blueprint.

Box 6: Evaluating the constraints in the business environment

Business Challenges	Jurisdiction
Lack of clarity of registration procedures for new businesses	State
Limited access to land, high cost of acquisition and difficulty in obtaining land title	State
Sanctity of agreements / enforceability of contracts	State
Inadequacy of intra state transport infrastructure (road/rail)	State
Low level of automation of business processes within the civil service	State
Lack of clarity of laws around investment protection laws	State
Unavailability of/ease of procuring raw material	State
Weak public-private partnership framework	State

Source: Field Survey

Constraints to doing business across most Nigerian states are similar, but with differing levels of severity (2/2)

Box 6: Evaluating the constraints in the business environment (Cont'd)

Business Challenges	Jurisdiction
Security	Federal/State
Corruption	Federal/State
Multiple Taxation/levies from various government agencies	Federal/State
Unavailability of skilled human capital	Federal/State
Unavailability of research information, data centres and research institutes	Federal/State
Weak gender social - inclusion	Federal/State
Inconsistency of policies and practices	Federal/State
Unavailability of, and implementation of business incentives available for investors	Federal/State
Foreign exchange policy instability	Federal
Limited inter - state transport infrastructure (road/rail)	Federal

Source: Field Survey

Limited access to finance, inadequate power supply and limited infrastructure remain major business constraints across the focus states and nationwide

Constraint 1: Limited Access to Finance

- Lack of access to finance is a key constraint to doing business in Nigeria, affecting businesses of all sizes
- Enterprise Survey[12] data collected in 2014 shows that only 11% of firms have bank loans and 53% of fixed asset purchases by firms was financed from internal funds
- Not only is access to credit limited but the cost of credit is high and often with very restrictive terms that make them inaccessible
- Interest rates on loans, where available to businesses, are usually in the high double digits – the typical interest rate on bank loans is between 20% and 30% per annum
- Supporting the capacity of financial institutions to accurately assess credit worthiness and enhancing borrowers' capacity to obtain and manage financial resources will be key to improving credit access
- In addition, the government has a key role to play in implementing policies that will enhance access to capital, especially for groups with very low likelihood of obtaining financing elsewhere. Institutions such as the Bank of Industry (BOI) have helped ease access to credit but much work remains to be done

Constraint 2: Inadequate Power Supply

- Enterprise Survey data shows that 48% of firms identified electricity as a major constraint to doing business; 71% of businesses own generators and firms lost 11% of annual sales due to power outages[12]
- Only about 25% of Nigeria's generation capacity of c.13,000MW is available for distribution[13]. The sector is inhibited by multiple factors such as limited transmission capacity, supply disruptions as well as theft and corruption
- Without steady power supply, Nigerian businesses' operational costs remain high and domestic production uncompetitive
- As a result of the unending power shortages, and the high cost of fuel for generators, a number of key manufacturing companies have struggled to sustain operations in Nigeria
- The problem is even more acute for MSMEs for whom generator fuel costs can be a significant portion of their operating costs
- The privatisation of Nigeria's power sector signalled the government's desire to improve the power value chain through investment and increased competitiveness
- However, there is still a long way to go before Nigeria's power infrastructure capabilities match other emerging economies with many of the investors in the deregulated sector showing signs of distress. The immediate focus needs to be towards reducing the key barriers to generating, transmitting and distributing power nationwide

Constraint 3: Limited Infrastructure

- Inadequate infrastructure was identified as a major challenge to doing business by nearly all our respondents
- In particular, reference was made to the poor state of transport infrastructure: road and railways. Nigeria has a total of 193,200 km of roads, made up of 34,123km of Federal roads, 30,500km of state roads and 129,577km of local government roads - only 15% of Nigeria's road network is paved
- The railway network consists of 4,332 track km and 3,505 route km - only 30 km of the track is in the form of double track and all of that is in the Lagos area
- Although the government has made efforts to improve the state of transport infrastructure, the pace of development lags demand growth
- According to the Nigeria's Economic Recovery and Growth Plan (ERGP) 2017 - 2020, Nigeria's infrastructure challenges will require sustained expenditure of almost USD 100 billion[14] per annum over the next thirty (30) years.
- Nigeria is increasingly pursuing alternative sources of funding to execute major infrastructure projects leveraging domestic and international capital markets as well as Public-Private Partnerships

Putting things in perspective – a failed investor's experience in a Nigerian State. "I would just quote from my first hand experience in the agriculture sector. However these should be common themes in other sectors too"

"…The combination of a lack of US dollars, fluctuating and depreciating currency, high interest rate and inconsistent government policy does not give investors confidence to invest."

Government policy

- A narrow example is import taxes and duties on rice import. Over a year ago the government made a policy where official import taxes and duties were 110%, reducing to 70% if you have import quotas and reducing further to 30% if you are investing in 'backward integration'
- Therefore trading companies, in order to get trading quotas have been seen to be investing in backward integration. Here the words 'to be seen' are important as many trading companies were just seen as investing, not actually investing. So you have companies playing with the system in order to stay in business.

Smuggling

- The government encouraged investment in the sector but was not effective in stamping out smuggling
- Despite the effective ban on rice importation over a year ago, smuggling is still prevalent, making it difficult to invest as you have to beat smuggled goods at prices that make the project economics impossible

Poor Infrastructure

- In a volatile environment like Nigeria, if an investor wants to invest in agriculture they will have to put much cash upfront on permanent structures like irrigation, land levelling and power generation. The cash flow profile is therefore too risky as any changes in the environment could be detrimental to the project
- This is especially so in the agric sector where even if you do everything right mother nature can take everything away from you on harvest day

Poor skills and unrealistic expectation among workers and contractors

- It is very difficult to find suitably skilled workers. When we tried to recruit local surveyors, we hired no fewer than 6 people only to dismiss them on day one, given they did not know the basics of surveying for an agriculture project
- The drivers of land development equipment like bulldozers and excavators had never worked on agriculture projects. So they couldn't quite handle the basics of land levelling and canal digging. So they had to learn on the job whilst investors were paying USD 800/day for a machine. This made work fall significantly behind schedule and compromised quality
- Contractors had unrealistic expectations. They often worked for government projects so when they quoted for agriculture project they came up with high values. This was despite the fact that they had little experience in agric projects. So we had to resort to doing it ourselves

Supporting Environment

- Some government policies stifle innovations. An example is the use of drone technology in agriculture. This has great potential for Nigeria and Africa as it can help shorten the time and lower the cost of land surveying - a major obstacle in designing and developing suitable infrastructure
- In May 2016, the government announced a very strict licensing process, effectively banning the use of this technology, on the ground of security concerns. This is unfortunate as it is not often that technology from the developed world can have a direct application in the developing world as this does

Anambra State

Anambra state: Nigeria's industrial hub and West Africa's trade centre (1/2)

Strategic plans towards Anambra State's development

Anambra is located in the south east geopolitical zone with interstate boundaries with Delta to the west, Imo and Rivers to the south, Enugu to the east and Kogi to the North.

The state is home to approximately 5.1 million people and is governed by Willie Obiano and Nkem Okeke, the Governor and Deputy Governor respectively, both of whom assumed office in March 2014.

The priorities of the current administration, as stated in its economic blueprint "Four Pillars of Development", are:

- Mechanised agriculture
- Trade and Investment
- Industralisation and
- Oil and Gas.

Other areas of importance for the state government include: health, education, environment, youth and sport development, transportation, infrastructure, security and housing. The governor reshuffled his cabinet in March 2016 to ensure a more focused and result-driven administration.

Investment Promotion Agency key to increased FDI flows

The Anambra State Investment Promotion and Protection Agency (ANSIPPA) was established in 2014 for the promotion, protection, monitoring, coordination and assistance of current and potential investors in the state.
The agency has strategic targets of attracting a minimum of USD 2 billion[15] in investments annually and being among the top 5 states in the World Bank's Doing Business Ranking in Nigeria in 2017.

Through ANSIPPA, the state has improved its Public-Private Partnership framework, and has attracted a total of USD 5.5 billion dollars investment in the past 3 years. Investments have mainly been concentrated in the transportation (37%) and agriculture (23%) sectors.

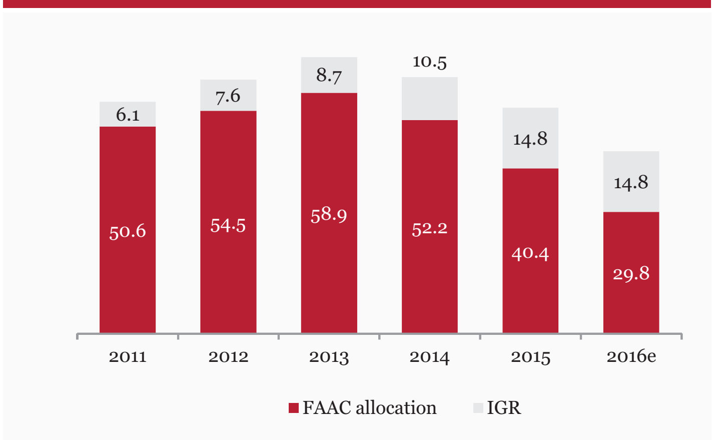
Agriculture and mineral resources as inputs for manufacturing

With most of Anambra's agricultural land arable, the state has a strong potential to produce crops such as vegetables, rice and cassava in commercial quantities. In addition, the presence of mineral resources such as limestone, iron ore, natural gas, and coal provide a wide range of possibilities for backward integration with production of inputs to its manufacturing sector.

Technology gives revenues a boost

Over the past 5 years, Anambra State has doubled IGR from NGN 7.6 billion in 2012 to more than NGN 14.8 billion in 2015. This has been driven by the introduction of automation and overhaul of revenue collection mechanism.

Figure 9: State Government Revenues (2011-2016, NGN billion)



Source: BudgIT, PwC estimates and Analysis

Anambra state: Nigeria's industrial hub and West Africa's trade centre (2/2)

Harnessing the oil and gas potential of the state

The government has begun building and repairing access roads and bridges leading to the major oil and gas reserve basins in the state. The Department of Petroleum Resources (DPR) granted approval for re-entry into the gas reserve at Umuerum in December 2016. The state is currently in discussions with South African investors interested in developing the project.

Poised to become the industrial hub in Nigeria

Anambra has three cities that drive its economic activities: Nnewi, Onitsha and Awka. Nnewi and Onitsha are known for their large industrial and commercial operations. The state aims to become Nigeria's automotive hub, attracting manufacturing companies, to establish and expand their operations in the state.

Building an enabling business environment

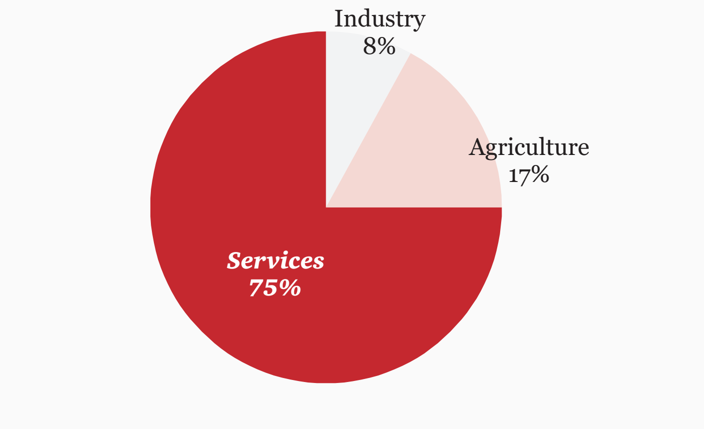
The International Public Sector Accounting System ranked Anambra State as the most transparent and accountable trade state in Nigeria as at March 2015. With incentives such as tax relief, waivers, a one-stop-shop, security and protection, Anambra has evolved into one of the preferred locations for both local and foreign investments.[15]

Assessment under the peer review mechanism of the Nigerian Governors Forum (NGF) showed the state has the largest number of tarred rural roads in the country. This has opened up the agrarian and oil producing communities to the rest of the state, improving access to markets and attractiveness for workers across the state. Also, the Federal Executive Council in January 2017 approved NGN 14 billion for commencement of the second Niger Bridge project with a commitment to release a further NGN 16 billion later in 2017.

Educational reforms to support productivity

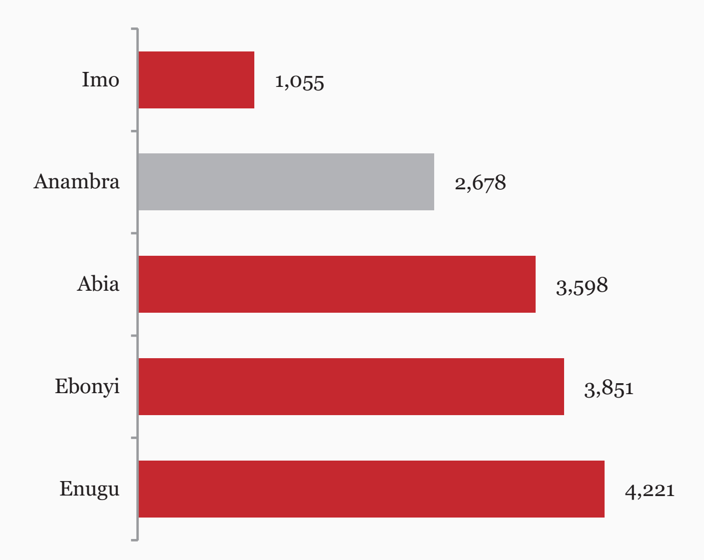
The current administration is focused on making Anambra one of the top three literate states in Nigeria by implementing policies that upgrade educational infrastructure, improve student development and teachers' welfare.

Figure 10: GDP composition by sectors



Source: Anambra State Government , PwC Analysis,

Figure 11: South-East IGR per capita 2016 (NGN)



Source: BudgIT, PwC estimates and Analysis

Recent reported reform measures should significantly improve Anambra's rankings post-2014

Box 7: Summary of the Subnational Doing Business in Nigeria data for Anambra (Onitsha)

Parameters	2010	2014	Reason for Increase/Decline
Starting a business	**27/37** • Procedures – 9 • Time – 39 days • Cost (% of income per capita) – 84.4	**23/36** ↑ • Procedures – 10 • Time – 34 days • Cost (% of income per capita) – 57.3	• Opening up of additional stamp duty or tax registration offices by the Federal Inland Revenue Service thereby eliminating the need for entrepreneurs to leave the state to obtain business premise permits. • Simplified requirements for business premise permits abolishes the need for separate visits to state authorities
Dealing with construction permits	**31/37** • Procedures – 16 • Time – 99 days • Cost (% of income per capita – 574.3	**28/36** ↑ • Procedures – 14 • Time – 83 days • Cost (% of income per capita – 461.1	• The number of procedures reduced by 2 days • The time taken to process the permits reduced by 16% • The cost reduced by 113 percentage points
Registering a property	**30/37** • Procedures – 13 • Time – 212 days • Cost (% of property value) – 15.4	**32/36** ↓ • Procedures – 13 • Time – 212 days • Cost (% of property value) – 12.8	• Still requires the governor's consent and physical inspection by government officials or independent valuers. This has made the process for registering a property cumbersome with a high turnaround time of 212 days
Enforcing Contracts	**31/37** • Procedures – 40 • Time – 600 days • Cost (% of claim) – 42.6	**30/36** ↑ • Procedures - 41 • Time – 600 days • Cost (% of claim) – 42.6	
Ranking	**35/37**	**n/a**	

37 states* – Including Abuja (FCT) in 2010
36 states* - Including Abuja (FCT) but excluding Borno state in 2014

↑ Improved ↓ Declined ↔ Unchanged

Source: World Bank's Ease of Doing Business Sub-national Report 2010 and 2014

Government's initiatives to reform the business environment in the state are centred around infrastructure development, land availability and ease of acquisition

Box 8: Government efforts/incentives to create an enabling business environment

On-going

Policies /Initiatives

- Establishment of an investment Agency (ANSIPPA) to provide guidance to investors and ensure that the process of doing business is streamlined and efficient
- Establishment of a Small Scale Business Agency to support MSMEs with credit facilities
- Introduction of economic packages such as tax relief, credit to MSMEs, social intervention programs for low income earners and intervention funds

Land

- Enactment of the land acquisition Act to ensure the smooth transfer of land and land titles
- Community relations engagement to ensure lands acquired are conflict-free

Infrastructure

- Development of the road network within the state (280 meters Anambra river bridge, on-going constructon/rehabilitation of 300km of roads and 3 major flyover bridges)

Transparency

- Enactment of the Public Responsibility and Procurement Law to ensure due process and transparency.
- Enhancement of the Anambra State Agriculture Control and Monitoring Centre that tracks the activities of over 97,000 farmers and ensures proper information management
- Collection of revenue into a Treasury Single Account for proper monitoring and accountability

Security

- Security measures including the strengthening and empowering of security forces with resources that aid intelligence and prosecution of criminals and the installation of CCTV in the main Onitsha market to monitor and prevent theft have been effective in reducing insecurity and crime.

  Several respondents across the state reported that they had observed a significant improvement in security within the state

Planned

Taxes/Levies

- Implementation of a tax regime system aimed at eliminating middle men, double taxation and ensuring tax collected gets to the government
- On-line portal to enable taxpayers verify the genuineness of tax demand notices, ascertain outstanding taxes and amount paid

Source: Field Survey

The state's agricultural sector is developing rapidly and has attracted investments worth USD 1 billion since 2014

Agribusiness

"Anambra State, if given the right support, can enhance the agriculture sector in Nigeria. Beyond just food production, Anambra State is going a step further with activities involving the entire value chain."

Anambra State Ministry of Budget and Economic Planning

Why Anambra State?

Anambra State is the second smallest state in the country by land mass, with less than 300,000 hectares of land available for cultivation. However, the state's success is hinged on its strategic approach to agriculture which involves soil testing to determine the best locations to grow rice, maize and cassava.

The state's agricultural sector is rapidly developing and has attracted investments worth USD 1 billion from nine (9) organisations since 2014. Investors include Coscharis, Joseph Agro and Delfarms across rice, tomatoes, malting plants and integrated farm projects. Rice production in 2016 was estimated at 230,000 metric tonnes, exceeding the target of 210,000 metric tonnes. These investments are to ensure the state reaches and exceeds its local consumption demand of 320,000 metric tonnes[17].

The Agro-revolution initiated by the current administration led to the establishment of the Agricultural Export Programme resulting in the first vegetable (fluted pumpkin and bitter leaf) export to the United Kingdom in January 2016. The value of the export was estimated at USD 5 million[18]. The state has continued to export vegetables through a special arrangement with ABX World Cargo Ltd in partnership with Bosh Produce and Eagle Solution.

The state is also providing critical links between farmers and industries e.g. Delfarm/Songhai farms producing Sorghum in commercial quantity have been linked with South Africa's brewing giant, SABMiller. A similar arrangement is being sought for Tiger Foods (largest spices makers in West Africa) and Grand Cereal Limited.

Business Constraints

Major business constraints cited are around the poor organisation of farmers, inadequate processors, and limited market outlets for produce.

Government Focus

According to the 2017 budget presentation, the government has increased budgetary allocation to agriculture by 500% to NGN 5.4 billion as part of its strategy to become a top 3 producer of rice, maize and cassava.

Government Incentives

The government has created linkages between farmers and off-takers who need the products as raw material input for manufacturing. The government has also provided tax relief options and taken steps to address land related issues in the state.

Spotlight on: Rice Production

- Rice is the most consumed staple food in Nigeria representing a significant portion of the local diet. In 2015, the national annual demand for rice was estimated at 5.85 million MT, increasing at approximately 6% per annum[19]
- Local rice production for the year was 2.85 million MT (49% of demand), with the remaining demand met via imports. Locally produced rice is grown in several states with limited milling capacity
- Supply has grown historically at less than 1% and faces significant competition from imported rice due to its perceived poor quality
- There has been much attention paid to promoting locally produced rice with many states supporting rice production, and government policy discouraging imports (rice importation through land borders has been banned in Nigeria)
- One variety of locally produced rice, called ofada, is gaining popularity and is often a highly sought after delicacy across all income classes

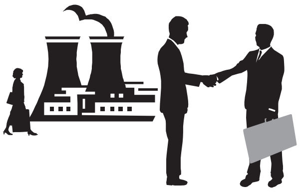
Current and planned agricultural projects anticipated in Anambra State

***Current and Planned Agricultural Projects*[20]**

Project	Funding Source
Current	
Delfarms – Integrated farm project	Private Investment – USD 200 million
Joseph Agro Limited – Rice production	Private Investment – USD 150 million
Coscharis Farms – Rice production	Private Investment – USD 110 million
Eckel Farms – Tomatoes and cassava production	Private Investment – USD 100 million
Lynden Farms – Integrated farm project	Private Investment – USD 61 million
Novtech Farms – Rice production	Private Investment – USD 50 million
Silos & Grains – Malting plant	Private Investment – USD 23.5 million
Tricity Integrated Farms	Private Investment – USD 11.4 million
MIP Farms – Tomatoes & Greenhouse production	Private Investment – USD 10 million
Planned	
Thai Borneo Energy Ltd – Rice & palm kernel production	Partnership(Bukham Group) – USD 400 million
Rehabilitation of the College of Agriculture in Mgbakwu	-
Partnership with FADAMA and IFAD for a Community Development Programme to develop 3,000 hectares of land to support development of the rice value chain	-

The timeframe for these projects were unconfirmed at the completion of this study. In addition, the funding sources for the planned rehabilitation of the College of Agriculture and the planned partnership with FADAMA and IFAD were also unconfirmed.

Anambra State remains a key hub with the largest commercial market in West Africa showing a significant export investment opportunity



Trade, Services and Industrialisation

"Anambra State is a very viable state and is business oriented. It actually plays the part of Lagos for the South-South and South-East and is a good business anchor for the whole of the country linking the North to the South."
Chairman, Juhel Nigeria Limited

Why Anambra State?

Anambra State is widely known for the large trade and commercial activities in two of its major cities; Onitsha and Nnewi. These cities provide the link for trade and distribution of goods between Northern and Southern Nigeria, and into West Africa.

The state is home to many indigenous conglomerates such as Ibeto Group, Chicason Group, Coscharis and Tiger Foods. These companies have investments across several industries including cement, automobile, petrochemicals, hospitality and even financial services.

According to the state investment agency (ANSIPPA), Anambra ranks 1st in commercial trade volume in the South East and 3rd in Nigeria after Lagos and Kano. The current administration has an economic agenda to promote trade, commerce and industrialisation and has highlighted an implementation plan in its economic blueprint.

At the heart of driving trade, commerce and industrialisation in the state is the Anambra Small Business Agency (ASBA) and the Investment Promotion Agency ANSIPPA which has attracted over USD 5 billion to date. Subsequently, the state is encouraging investment in heavy industry and in sectors such as power, refineries, oil and gas development, road infrastructure, amongst others to further push the industrialisation drive of the state.

Business Constraints

Inadequate access to markets outside the state, poor inter-state transport infrastructure, and epileptic power supply are some factors hindering industrialisation in the state.

Government Focus

Part of Anambra's industrial strategy is to provide adequate power to the state's industrial zones, in order to boost the capacity utilisation of all manufacturers. To this end, the state has signed a MoU with Zolt Energy Limited for a 40MW embedded power generation in Onitsha. So far the state has signed 4 MoUs which would attract a total of USD 560.3 million in power generation.[21]

Road infrastructure has also been deemed important for industrialisation making the government set aside about NGN 24 billion on the rehabilitation of 300km of roads across the senatorial districts.

Government Incentives

Support with land acquisition by ANSIPPA, negotiable tax breaks and funding through the Small Scale Business Agency (ASBA) were some of the business incentives cited by respondents (Coscharis Farms and Skif-Alu Steel) as instrumental to their business success in Anambra.

Spotlight on: Anambra Small Business Agency (ASBA)

- Given the strategic role of MSMEs promoting economic prosperity in the state, The Anambra Small Business Agency (ASBA) was inaugurated in June 2015 *"to make Anambra the authentic hub for Micro, Small and Medium Enterprises in Nigeria" – MD/CEO ASBA*

- The agency partners with national and international financial institutions to provide single digit interest rate loans, deliver advice and assist with MSME capacity building

- Till date, ASBA has disbursed NGN 2 billion in credit facilities and has funded over 15,000 people through the micro credit scheme and about 200 SMEs. According to the MD ASBA, the state government plans to raise over NGN 3 billion in 2017 to support MSMEs in the state

Current and planned trade, commerce and industrialisation projects anticipated in Anambra State

Current and Planned Trade, Commerce and Industralisation Projects[22]
Current Projects
▪ Construction of a world class international cargo and passenger airport in Umueri
▪ Concession of the Onitsha sea port
▪ Finalised plans to procure a new asphalt plant to aid cost effective road construction and maintenance especially in the rural areas and low density roads
▪ Current reconstruction of inner city roads and patching of pot holes through the zero pothole initiative
▪ 1500MW capacity IPP project by Century Power Generation Limited in Okija
Planned Projects
▪ Plans to kick-start an innovative project where 61 major registered markets will have the opportunity to implement a project of their choice to the tune of a maximum of NGN10 million. This is aimed at enhancing the market environs
▪ Construction of industrial parks in the State to boost industrialisation and economic development
▪ Exploration of Anambra State's abundant gas deposit to improve power generation

The timeframe, funding costs and sources for the projects identified were unconfirmed at the completion of this study with the exception of the IPP project by Century Power Generation Limited expected to cost USD 700 million and to come on stream in 2018.

Anambra State is strategically positioned to become the manufacturing hub for automobile and automobile related parts in the country

Manufacturing Industry - Automotive

"Anambra State has become a manufacturing and industrialisation hub in Nigeria, thus providing a huge investment opportunity."

ANSIPPA

Why Anambra State?

Anambra State is strategically positioned to become the manufacturing hub for automobile and automobile parts in the country. The state houses the only indigenous automobile manufacturing plant in Nigeria – Innoson Motors – as well as major auto part manufacturing factories. It is loosely dubbed the 'Japan of Africa' as it accounts for over 70% of the auto parts (including motorcycles) manufacturing business in Nigeria.[23]

In recognition of the sector's potential in the state, the Federal Government of Nigeria (FGN) announced plans to construct and develop an automotive industrial park in Nnewi. Towards this, the Anambra State government provided the FGN with 80 hectares of land in December 2016.[23]

The automobile park will serve as a one-stop shop for spare part manufacturers in Anambra and other neighbouring states.

The state is also an attractive destination to other manufacturing companies including Toyota and Honda; and regional car companies including General Appliances West Africa and Perfection Motors Company, who were granted auto assembly plant licenses in 2015 but are yet to begin operations in the country.

Business Constraints

The major constraints are around limited private sector investment into the sector, foreign exchange volatility for input sourcing, inconsistent power supply and limited popularity of locally assembled cars.

Current Automotive Projects

Project	Timeframe	Funding Source
Current		
▪ Development of an automotive industrial park by FGN in Nnewi	18 months	Not yet announced

Government Focus

The government is actively focused on promoting indigenous investors in the industry – every public secondary school has a made-in-Anambra Innoson school bus. The waste disposal trucks in the state are also provided by Innoson.

Government Incentives

Incentives available include a 20% tax deduction on infrastructure expenditure by investors.

Spotlight on: Nigeria's Automobile Hub

- The Nigerian government in 2013 announced a new national automotive policy, the National Automotive Industry Development Plan (NAIDP), which seeks to discourage vehicle importation and encourage local production
- With the introduction of the NAIDP, there has been increased activity in local vehicle assembly. The National Automotive Design and Development Council (NADDC) granted thirty five companies licenses to assemble and produce vehicles
- Several Original Equipment Manufacturers (OEM) representatives have begun plans to set up assembly operations
- According to UNCTAD, auto-related imports which includes vehicles, tyres, spare parts and motorcycles into Nigeria accounted for around 11.5% of total imports, worth around USD 6.9billion in 2014[4]. The NADDC estimates that if imported vehicles were locally assembled, the value to the industry will be around NGN 200 billion. In addition to shifting supply from imports to locally manufactured products, Nigeria aims to be a major assembly hub for international auto companies leveraging its strategic location to export to other markets in Africa

Edo State

Edo state has abundant resources to support its prosperity agenda

Strategic focus of the Edo State Government

Edo is an inland state in the south-south geopolitical zone, bound in the north and east by Kogi, in the south by Delta state and in the west by Ondo state. It has an estimated population of 4 million people.

The administration of Governor Godwin Obaseki and Philip Shuaibu, the Deputy Governor, commenced in November 2016. The state is expected to benefit from the leadership of the governor, who is business oriented with a successful private sector background. The government has already completed a trade mission to China in order to begin attracting investors into the state within its first three (3) months of the administration.

The current government has outlined six (6) pillars for achieving an inclusive governance structure in the state and these are:
- Institutional reforms
- Economic revolution
- Culture and tourism
- Environmental sustainability
- Socio-welfare enhancement and
- Infrastructure development

A Strategic Dialogue Report has been prepared as a roadmap for the implementation of the state's objectives.

Need to pursue aggressive IGR growth

Statutory allocations remain the state's major source of revenue, accounting for 80% of revenue in 2011 but falling to 55% in 2016. During the review period, the state Internally Generated Revenues (IGR) increased by only 5.4% annually, which was below the zonal average annual growth of 8.2%. Edo State requires significant increases to its IGR and total revenue to meet both recurrent and capital expenditures.

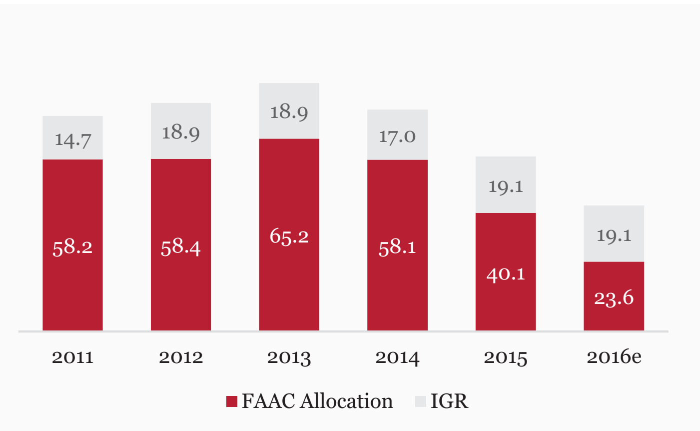
Edo: The Agro-processor hub

With over 2 million hectares of arable land, the state is well positioned to enjoy strong expansion in crop production including oil palm, rubber and cassava. Deposits of limestone, marble, gypsum, feldspar and granite among others have also been reported to exist in abundance in the state. The state houses major Agro-allied companies in Nigeria including Presco, Okomu Oil and PZ-wilmar with large expanse of oil palm and rubber plantations. The government has begun efforts to increase the agricultural output of the state through the provision of incentives for investors and active partnerships for the development of the agricultural value chain.

Potentially a trade hub for the Southern region

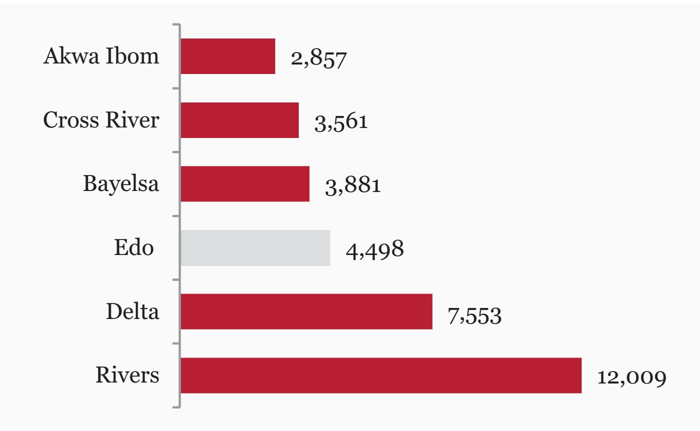
Edo State plans to commence development of its major seaport, the Gelegele seaport which will comprise an agribusiness development park, marine facilities, an inland port and supporting infrastructure and facilities. This could see Edo State emerge as a trade hub for the southern region with significant impact on its prosperity. In addition, large conglomerates such as BUA and Dangote group consider the state an attractive investment destination.

Figure 12: State Government Revenue Trend (2011-2016, NGN billion)



Source: BudgIT, PwC estimates and Analysis

Figure 13: States IGR per capita 2016 (NGN)



Source: BudgIT, PwC estimates and Analysis

Edo has recorded improvements in the areas of starting a business and enforcing contracts but lags behind in other indicators

Box 9: Summary of the Subnational Doing Business in Nigeria data for Edo (Benin City)

Parameters	2010	2014	Reason for Improvement/Decline
Starting a business	**16/37** • No of Procedure – 8 • Time – 45 days • Cost (% of income per capita) – 61	**14/36** • No of Procedure – 10 • Time – 36 days • Cost (% of income per capita) – 46	▪ Opened up additional Federal Inland Revenue Service stamp duty offices within the state which has eliminated the need for entrepreneurs to leave the state and reduced the time period from 45 days (2010) to 36 days and the cost to about 46% of income per capita from 61% in 2010
Dealing with construction permits	**26/37** • No of Procedure – 14 • Time – 89 days • Cost (% of income per capita) – 624	**33/36** • No of Procedure – 15 • Time – 66 days • Cost (% of income per capita) – 568	▪ Despite the reduction in the time taken and the cost to obtain construction permit by 23 days and 56% points respectively, the overall ranking may have declined due to significant improvement in other states
Registering a property	**32/37** • No of Procedure – 15 • Time – 69 days • Cost (% of property value) – 28	**34/36** • No of Procedure – 13 • Time – 67 days • Cost (% of property value) – 26	▪ The process of registering a property has barely been eased in relation to other states and has resulted in a further decline in the overall ranking
Enforcing Contracts	**6/37** • No of Procedure – 40 • Time – 314 days • Cost (% of claim) – 29	**5/36** • No of Procedure – 41 • Time – 314 days • Cost (% of claim) – 29	▪ Settling commercial disputes takes about 314 days and costs about 29% of income per capita. While still high, this is 170 days faster and 10% cheaper than the national average and is a result of court efficiency and cheaper attorney fees.
Ranking	**21/37**	**n/a**	

37 states* – Including Abuja (FCT) in 2010
36 states* - Including Abuja (FCT) but excluding Borno state in 2014

Improved Declined Unchanged

Government's initiatives to boost the business environment in the state are centred round taxes, land, infrastructure and implementation of business favourable policies

Box 10: Government efforts/incentives to create an enabling business environment

	Current/On-going
Land	▪ Government support with land selection and acquisition through reduced/zero cost (in some cases) of land acquisition especially in the agriculture and industry sectors ▪ Land preparation and leasing by the government for farming ▪ Shortening of the length of time required to obtain a Certificate of Occupancy (C of O) ▪ Community relations engagement to ensure peaceful possession of acquired land ▪ Moratorium of land use charges ▪ Development of land banks for future development by investors (planned) ▪ Automation of the land acquisition process (planned)
Infrastructure	▪ Improved road network within the state to improve access to market for agricultural products ▪ Planned gas-to-power projects to improve electricity supply
Taxes	▪ Concessions on premium payable on land title ▪ Planned harmonization of taxes within the state (The Bil is currently in the state House of Assembly
Transparency	▪ The Edo State Open Data platform has been developed and made publicly available for the dissemination of information on government contracts and initiatives as well as receiving feedback ▪ Establishment of the Public Procurement Law to guide the process for government contracts
Policies	▪ Support to new investors to ensure necessary approvals are gotten and regulatory provisions are met ▪ Planned establishment of a one-stop shop to guide investors
Public-Private Partnership	▪ Participatory meetings e.g. investor forums, quarterly breakfast meetings etc.with investors and private businesses to identify business challenges and ways of improving the business environment
Revenue Collection	▪ Planned automated revenue collection system ▪ Planned central billing system to keep track of daily billings and ease payment of taxes/levis

Source: Field Survey

The Agricultural sector remains an important sector to drive the development of the economy, support poverty reduction and create employment

Agribusiness

"Agriculture and agriculture processing is a main focus of the current administration because of the large agricultural endowments: there is land and also because the country is in dire need of food."

Ministry of Budget and Planning

Why Edo State?

Edo State has about 2 million hectares of cultivatable land with excellent climate conditions and ground water providing the potential for massive investment in high yield crops in commercial quantity.

Although the state is home to the two largest oil palm producers in Nigeria (Presco, Okomu Oil), the sector is largely characterised and driven by clusters of small holder farmers spread across the state resulting in overall low agricultural output.

To address this, the state commissioned the first Integrated Agric Produce City in August 2016 expected to be a major step in the state's economic diversification drive.

The Integrated Agric Produce City is expected to serve as a farm settlement, industrial park, export processing zone, farm produce preservation centre and a commodities exchange centre. Its location also makes it well situated for direct distribution to bulk retailers in the south-west and south-south regions and Anambra State. Electricity supply to the park will be sustained through a planned 25 MW IPP by Paras Energy. The state anticipates that the successful establishment of the industrial city will give it (the state) a much needed boost towards industrialisation.

Edo State is also a beneficiary of the on-going Market Development Programme (MADE) by the Department for International Development (DFID) aimed at improving select agricultural value chains including palm oil, aquaculture and fisheries, agricultural inputs and poultry. The programme aims to raise the income level of 150,000 poor people by 40% - 50% in the Niger Delta region by 2018.

Business Constraints

Insufficient funding, limited agriculture research, poor network of feeder roads and inadequate skills and funding to upgrade the agriculture sector are some of the business constraints cited by respondents.

Government Focus

The state government is seeking PPPs to increase large scale activities across the sector particularly in processing of key cash crops like rubber, oil palm and cocoa.

To this end, an ad-hoc agricultural committee which is a PPP between the state government and SARO Agrosciences was inaugurated in January 2017 to identify and execute specific projects.

Government Incentives

Multiple respondents operating in the sector pointed to the government's renewed support for agribusiness and its incentives such as land acquisition, registration and tax holidays, as having a positive impact on the industry.

The state is also considering partnerships with neigbouring states to develop a competitive agro-processing industry within the south-south.

Spotlight on: Oil Palm Production

- Nigeria is the fifth largest producer of palm oil in the world with production at 970,000 MT in 2015. However, production is inadequate to meet domestic consumption which was estimated at 1.52 million MT in 2015[24].
- With consumption growing much faster than supply, the deficit has been covered by imports to meet demand. Households have been the major consumers of palm oil, representing 80.9% of demand in 2015. Usage is largely for household cooking, with Food and Agriculture Organisation (FAO) reporting that the demand in this segment is three times higher than industrial demand.
- Nonetheless, there has been an increasing application of palm oil in the oleo chemical and consumer goods industry. With the Nigerian Central Bank excluding crude palm oil imports from the list of approved transactions for foreign exchange supply at the preferential manufacturer rates since November 2015, the domestic production of palm oil has become increasingly attractive, benefitting companies like Okomu and Presco and driving interest in increasing local production capacity.

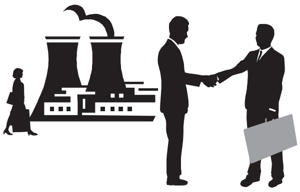
Current and planned agricultural projects anticipated in Edo State

Current Agricultural Projects[25]

Current Projects
▪ Current partnership with SARO AgroSciences on the preparation and provision of 5,000 hectares of land for the production of maize, cocoa, tomatoes and also for piggery and is expected to create 50 – 80 thousand jobs for citizens in farming
▪ The CBN Anchor Borrow Scheme to provide funds to rice farmers. (the first phase is targeted at small scale farmers with 1 - 5 acres of land)
▪ SEEFOR/FADAMA III empowerment programme for farmers
▪ Partnership with a UK NGO to develop an agricultural platform to make information publicly available to investors

The timeframe, funding costs and sources for the projects identified were unconfirmed at the completion of this study.

Edo State has only just started to focus on industrialisation as a way of boosting its economic prosperity



Industrialisation

"Edo State is in such a strategic location in this country, but that strategic advantage has not been harnessed …."
CEO of a warehouse and third party logistics company

Why Edo State?

Despite the abundance of solid minerals and gas, which serve as raw materials for manufacturers, the state currently has no industrial cluster and only has a handful of manufacturers of scale.

Organisations operating in the state noted that while raw materials may be easily sourced, the government has not yet sufficiently addressed the challenges to doing business and questioned its commitment to exploiting the industrial potential of the state.

"Most of our raw materials are sourced within the state and the land is cheaper, but there is no intermediary office between the state and businesses, no clear guidelines for starting a business and no viable market within the state" – A large manufacturing company

The industrialisation of the state has now become a major focus of the current administration and has seen the Governor embark on trade missions to actively engage potential investors.

In addition, the government is engaging companies such as Guinness Plc (which recently commissioned a NGN 4.8 billion[26] spirit manufacturing plant) to drive industralisation and create employment for citizens in the state.

Current Industralisation Project

Current Project
Partnership with LAPO and the government of Japan to provide grants for rural areas to the tune of 25 million naira per project

Government Focus

The Ministry of Budget and Planning confirmed that the state has long recognised the need to attract investors but had been poorly structured to achieve this. It stated that the business posture of the new government has started to be recognised and the entire government structure is now actively working to be investment ready.

The current governor also recently articulated his administration's strategic plan to ensure the state becomes an economic hub through agricultural and industrial activities.

Government Incentives

The state's efforts at promoting industrialisation and building a business friendly state include:
- Trade missions (China) to attract investors into the state
- Planned partnerships to establish industrial parks and a Free Trade Zone
- Providing incentives such as tax breaks for new investors
- Addressing the critical infrastructure issues within the state

Spotlight on: Industrial Park Development

- The Ossiomo Industrial park project is expected to attract close to USD 1 billion in FDI. According to the Department for Public-Private Partnerships, the Overseas Private Investment Corporation (OPIC) is considering a significant commitment in the project

- Discussions on the Gelegele seaport resumed in January this year. The seaport will be an agribusiness industrial park with marine and port facilities. It is expected to launch the state into a major trade hub within the country

- In addition, private sector investors like the Atlantique Marine and Engineering Services (AMES) are also exploring plans to develop industrial parks within the state

Edo State recognises the need to upgrade its infrastructure to support its industrialisation agenda

Infrastructure Development

"If the state government can keep the ratio of capital expenditure to recurrent expenditure at 1/1.5 :1 every year it will get the state out of its current infrastructure quagmire"

CEO of a warehouse and third party logistics company

The importance of critical infrastructure cannot be over emphasised for achieving inclusive growth.

The state's focus is on:

- Power especially for production clusters, promoting shared infrastructure and services

- Road construction to accelerate development of the agricultural potential of the state

A 10-20 year infrastructure master plan was announced during the 2017 budget presentation. The master plan is expected to deliver a modern, fit-for purpose Land Use and Land Management system, reconstruct bad roads, extend roads to remote areas, improve Transportation and Traffic Management, introduce ICT and Broadband Technology into infrastructure projects and develop new towns. For this purpose, NGN 22.3 billion has been earmarked for infrastructure development and upgrade.

Business stakeholders also identified the need for rail infrastructure within the state to aid achievement of the state's industrialisation goals.

Current and Planned Infrastructure Projects

Project	Timeframe	Funding Source
Current		
Commissioned construction of three major roads - Agbede Anwain road - Ekpoma – Emului road - Irhirui Aruogba – Obazagbon road)	2 – 3 years	Unknown
Planned		
Planned Siemens power project	July 2018	PPP – USD 750,000 – USD 1 million. Siemens (USD 50 million)

Spotlight on: Azura Power Project

- To address the power challenge in the state, the government is implementing gas-to-power projects and gas derivative projects such as the Azura-Edo Independent Power Plant for the provision of 1000MW of electricity in the state

- The first phase which consists of the development, financing, construction, operation and maintenance of a 450MW Open Cycle Gas Turbine power station has commenced and the estimated completion date is Q1-Q2 2018. USD 876 million, comprising 22% equity and 78% debt from a consortium of local and international financiers, has been raised to finance the first phase

- The project represents Nigeria's first greenfield IPP and when fully functional should positively impact the current power situation in the state and nationwide

The state government is using technology to drive effective governance as well as social and economic outcomes

Technology

"The current government is passionate about ICT and there are various plans under way to harness technology in running the government"

Information Communication and Technology Agency

The state government has taken a critical look at Technology and the role it can play in driving effective governance as well as social and economic outcomes. The current administration has embarked on technology based reforms within the civil service and the state at large.

Reforms within the civil service

- Automated human resources and payroll system
- Biometric system for civil servants' quarterly revalidation exercise
- Gradual shift from manual to automated processes through the supply of computers to various MDAs (the government plans to introduce about 1,000 computers into the civil service coupled with ample ICT training)
- Database for the state which houses information on new businesses coming into the state

Reforms within the state

- Development of the Open Data platform fpr information dissemination and feedback (supported by the World Bank)
- Planned central billing system for businesses
- Decision to lay fibers while roads are being built
- Inclusive technology capacity for the dissemination of information as electricity distribution towers are being laid
- Planned introduction of a technology incubation hub in the state (A facility has been set aside for this purpose)

Planned Technology Developments within the Service

- Automated revenue collection bill (soon to be rolled out)
- Planned development of a correspondence management system for the governor
- "Procure to Pay" system which will monitor and trace payment processes within the service
- Partnership with a UK NGO for the development of an agricultural platform to provide information for investors

Anti-corruption

The state operates on the principle of accountability and transparency and has a stated zero tolerance to corruption.

However, there are no parallel institutions in the state to drive anti-corruption. Cases of corruption are prosecuted through the police, Ministry of Justice, Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices and other related offenses Commission (ICPC) as appropriate.

The state government has also began taking the right steps to promote transparency and drive anti-corruption through the use of Technology. Examples include:

- The enactment of the Procurement Law in 2014 which was passed to regulate all procurement to ensure the state has an accountable, transparent, equitable and fair procurement system. It specifies how projects and contracts should be awarded and spells out the procedures for spending government revenues in a transparent manner.

- The development of the Edo State Open Data Portal which is being used to make government contracts and initiatives publicly accessible and to receive feedback from the people.

Ogun State

Ogun State has evolved to become the most preferred investment destination in Nigeria and is considered the "New Jersey" of Nigeria

Strategic plans towards economic prosperity

Ogun State is located in the South-Western geopolitical region and is bordered to the south by Lagos state, to the east by Ondo state, and in the North by Oyo and Osun states.

The state had a population of approximately 3.75 million people according to the last census in 2006 and a state projected population figure of 7.1 million as at 2014[27]. The current government is headed by Governor Ibikunle Amosun who assumed office in May 2011. Deputy Governor Yetunde Onanuga joined the leadership team in May 2015. With the governor's several years of experience in management consulting, auditing and taxation, the state has witnessed significant improvement in government administration and revenue accretion.

The state's focus areas include:
- Developing the agricultural sector through the promotion of forward and backward integration
- Increasing manufacturing penetration and capacity in the state
- Exploring the solid minerals resources
- Further improving the road network within the state

Abundant resources to spur industrial growth

The industrial sector has received the largest inflow of investment and Ogun State has the potential to become the hub for industrial development. The manufacturing sector received 71.2% of the NGN 180.1 billion[28] invested in Nigeria's entire manufacturing sector H1 2015 according to the Manufacturers Association of Nigeria.

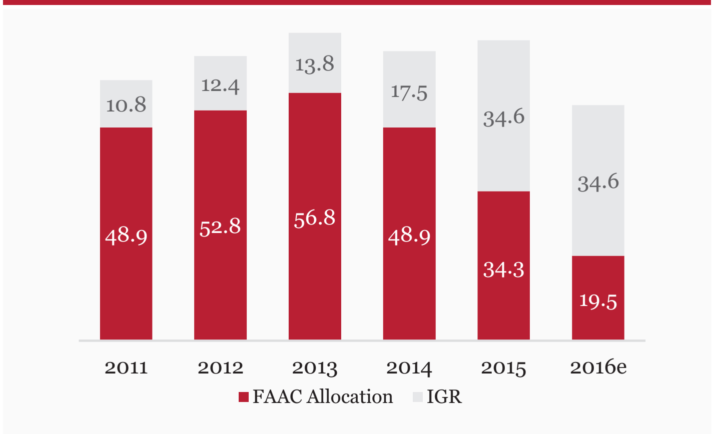
Investors' preferred destination

Ogun State has evolved to become foreign investors' favourite investment destination. According to Ogun State Ministry of Commerce and Industry, the state attracted a total of USD1 1.9 billion in FDI between 2011 and 2016 and accounted for 74.5% of FDI into Nigeria in 2015[28]. With its improved security, proximity to Lagos State, abundant resources and relatively lower cost of doing business compared to other south-west states, clean water for manufacturing and lower property costs, the state has attracted manufacturing giants such as Dangote, Nestle, Fidson Pharmaceuticals, and is referred to as the 'New Jersey' of Nigeria.

Upside to revenue collection

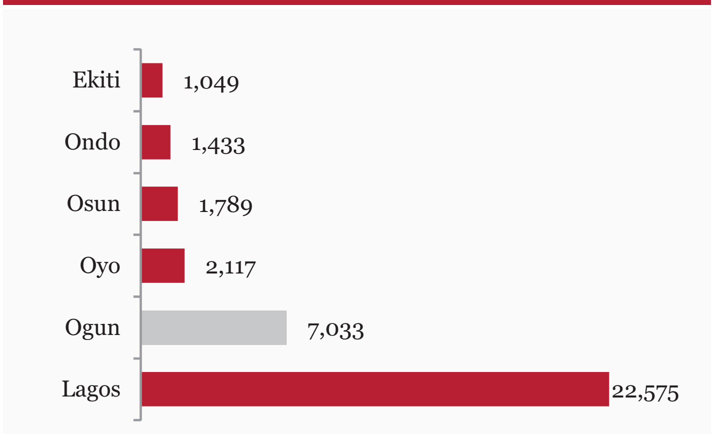
The inclusion of property tax in its revenue portfolio has helped the state improve its IGR by 26% per annum over the past five years and contributed 71% to state revenues in 2016. Looking forward, there is scope to increase IGR through increased PAYE taxes as more people who work in Lagos State, move to live in Ogun State as infrastructure improves, making the commute between the two cities easier, cheaper and safer.

Figure 14: State Government Revenue Trend (2011-2016 NGN billion)



Source: BudgIT, PwC estimates and Analysis

Figure 15: South-West IGR per capita 2016 (NGN)



Source: BudgIT, PwC estimates and Analysis

The improvement in the state's Ease of Doing Business indicators reflects the government's efforts at promoting economic prosperity

Box 11: Summary of the Subnational Doing Business in Nigeria data for Ogun (Abeokuta)

Parameters	2010	2014	Reason for Improvement/Decline
Starting a business	36/37 • Procedures – 10 • Time - 40 • Cost (% of income per capita) – 91	5/36 ↑ • Procedures – 8 • Time - 32 • Cost (% of income per capita) – 55	▪ Opened up an additional Federal Inland Revenue Service stamp duty office ▪ Abolished physical inspection of company premises. A proof of company address is used instead ▪ Business permit is issued immediately, upon payment of fees
Dealing with construction permits	37/37 • Procedures – 18 • Time – 62/102 • Cost (% of income per capita – 714	16/36 ↑ • Procedures – 14 • Time - 39 • Cost (% of income per capita – 541	▪ Reduced procedure days by 37% (23 days) to 39 days from 62 days in 2010 ▪ Decentralised the approval system and set up a new committee to monitor delays ▪ Reduced time to obtain EIA ▪ Payment and building permit applications made simultaneously at district office
Registering a property	35/37 • Procedures – 15 • Time - 101 • Cost (% of property value) – 16.2	28/36 ↑ • Procedures – 12 • Time - 98 • Cost (% of property value) – 16.1	▪ Digitisation of records to improve efficiency of property registry
Enforcing Contracts	18/37 • Procedures – 40 • Time - 455 • Cost (% of claim) – 37	17/36 ↑ • Procedures - 41 • Time - 455 • Cost (% of claim) – 37	▪ Expected to release new court rules or practice soon
Ranking	37/37	n/a	

37 states* – Including Abuja (FCT) in 2010
36 states* - Including Abuja (FCT) but excluding Borno state in 2014

↑ Improved ↓ Declined ↔ Unchanged

Government's initiatives to boost the business environment in the state are centred round ease of paying taxes, land, infrastructure and business friendly policies

Box 12: Government efforts/incentives to create an enabling business environment

Current/On-going	
Land	▪ Enactment of a new law preventing 'land grabbing' in the state. This entails withdrawal of land not used for a specified period of time ▪ Provision of subsidy on payment for agricultural land ▪ Provision of rebate on land purchase (up to 30%) ▪ Quick processing of land documentation
Infrastructure	▪ Completion/on-going construction of approximately 277km of roads within the state
Taxes	▪ Provision of 6-months tax relief for business premises ▪ Establishment of the Trade Route Incidence Mapping System (TRIMS) which provides a platform for MSMEs to send anonymous messages on harassment from any government agency
Policies	▪ On-going consultations (partnership with EY) to develop business best practises/standards for implementation
Public-Private Partnership	▪ Participatory meetings (investor forums, quarterly breakfast meetings etc.) with investors and private businesses to identify business challenges and ways of improving the business environment
Planned	
Transparency	▪ Transparency of processes through the use of technology for implementation of processes
Taxes	▪ Harmonization of Tax and Levies paid by investors

Development of the agriculture sector through expansion of capacity and the promotion of linkages between producers, processors and sellers is the primary focus of the state

Agribusiness

"Ogun State has a lot of agricultural land but has limited properly functioning commercial agriculture going on"
Ministry of Budget and Planning

Why Ogun State?

The favourable climate conditions and good vegetation across the state makes it an attractive location for the cultivation of various cash and food crops such as tobacco, maize, cassava, cocoa, yam, rice, palm oil, cotton and rubber.

Studies and discussions have revealed that only about 30% of the total arable land in Ogun State is currently being cultivated, thereby presenting opportunity for significant expansion of agricultural activities.

The government believes that its commitment and support to the sector in addition to its land policies is a major attraction to investors.

Business Constraints

The current level of agricultural production in the state, while still growing, can be accelerated. Poor rural infrastructure, dearth of skilled manpower and limitations in the current reach of government support for the sector are seen as responsible for the current production levels.

Current/Planned Agriculture Projects

Current Project
Partnership with Lagos State on rice development through land provision for rice production
Partnership with IFAD on cassava and rice production to cultivate 6,000 hectares of mechanised farmland for cassava and 2,000 hectares for rice production
Partnership with the CBN (Anchor Borrowers Scheme) to provide access to credit for rice farmers

The timeframe to completion, funding costs and sources for the projects identified were unknown at the completion of the study.

Government Focus

The state seeks to develop the agricultural value chain by promoting forward and backward linkages and developing farm clusters.

This will include attracting investment and providing support across all nodes of the value chain, most especially processing activities.

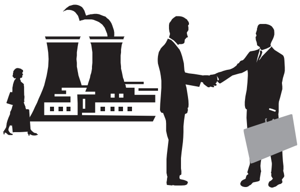
Government Incentives

Current governmental support for the sector include:
- Availability of land to investors for agriculture (Land around the interchange has been reserved for investors)
- Creation of model agricultural estates (on-going development in Owiwi – Ogun State)
- Subsidy on payment for agricultural land

Spotlight on: Cocoa Production

- Between 2014 and 2016, Nigeria's cocoa beans production declined 20.1% to 190,000MT (2014: 240,000MT)[29]
- Of the total domestic production, about 70% is exported annually primarily to Europe, mostly as cocoa beans
- The remaining 30% is processed as cocoa derivatives – butter, liquor and powder - which are either exported or sold to domestic beverage companies including Nestle and Cadbury
- There are fewer than 10 cocoa processing facilities in Nigeria with a combined annual processing capacity of 155,000 MT of cocoa beans and operating at less than 30% capacity utilisation
- The cocoa sector requires additional investment to ramp up production, increase share of local processing and improve output quality to expand access to the processed cocoa export markets

The State's main focus is the continuous localisation of industries and it has been deliberate in its efforts to boost industrialisation



Industrialisation

"There will be an acceleration in the industrial sector in the next 5-10 years if the things that are now being done materialise…"
Ministry of Budget and Planning

Why Ogun State?

Ogun State has always been affiliated with industries, particularly manufacturing companies. It is home to about five industrial estates and has a high concentration of companies within these industrial estates. The current government has concentrated efforts on expanding the industrial potential of the state and is focused on improving the business environment in order to attract additional investors.

The availability of land for expansion of industrial activities, its ease of acquisition, relatively lower costs, and business incentives that include fewer tax collections and a progressive leadership are some of the reasons cited by our respondents for their attraction to Ogun State.

This favourable environment has attracted new investors across the manufacturing, real estate, agro-allied industries, food and beverages, chemicals, pharmaceuticals, iron and steel, mineral products, pulp, paper & packaging and wood & furniture sectors in the last decade.

According to one of our interview respondents, *"Ogun State is challenging Lagos State to become home to the largest concentration of industries"*
In addition, the government has provided a one stop shop to guide investors navigating through the state bureaucracy

Business constraints

Like other states in Nigeria, Ogun State suffers from unreliable power supply which is a major constraint to industries.

Respondents also identified the traffic gridlock on the Lagos-Ibadan expressway – a major route for people and cargo – as a huge challenge to doing business in the state.

Government Focus

The state's main focus is the continuous localisation of industries by providing business incentives and promoting the Public-Private Partnership (PPP) model.

The state has conducted road shows to attract foreign investors including foreign direct investments from Chinese businesses targeted at agriculture and mining. There is also a PPP agreement between the state and Continental Leasing Limited to develop a new Agbara Industrial Estate planned to attract medium and heavy manufacturing industries.

Government Incentives

Current governmental support for the sector include:
- Construction and maintenance of road infrastructure
- 6 months to a year moratorium period (as long as two company directors have paid tax in other Nigerian states)

Respondents also stressed the importance of creating a "level playing field" for companies by ensuring incentives are accessible to all with clear criteria for receiving them.

Spotlight on: Ogun State the 'New Jersey of Nigeria'

- Ogun State, as the closest state to Lagos State, is benefitting immensely from its proximity and is growing exponentially as an investment hub

- The high costs of running a business, huge real estate costs and high costs of skilled labour in Lagos State can be regarded as a 'blessings in disguise' for Ogun State because this has resulted in an influx of organisations/companies and even private individuals who live in the state and work in Lagos State

- These organisations are willing to set-up factories in the state knowing that they can easily transport raw materials and reach their target markets. These, plus the recent favourable environment for business in the state and the eventual completion of the rail projects are expected to accelerate the growth of industry in the state

Current and planned industrialisation projects anticipated in Ogun State

Current industrialisation Projects

Project	Timeframe/Completion date
Current	
▪ Partnership with the German Agency for International Cooperation for Industrial Park Development	2 – 3 years
▪ Partnership with United Nations Development Office - Investment Technology Promotion Office - to facilitate partnership with foreign countries with knowledge of stone cutting and polishing	Unknown
Planned	
▪ Partnership with the Ogun State Chamber of Commerce for a Trade fair for MSMEs	May 2017

The funding costs and sources for the projects identified were unconfirmed at the completion of this study.

Infrastructure development is a major pillar in the state government's plans to boost its economic prosperity

Infrastructure Development

"Infrastructural development such as access roads and electrification are areas where adequate support is required"
Large Agricultural Producer

Infrastructure development is one of the government's key priorities as it seeks to boost its economic prosperity. The broader vision of the state is targeted at benefitting from the population pressure generated by Lagos State.

Major achievements include;
- Completion (or significant progress to completion) of infrastructure projects across the state (≈277km of roads)

- Rehabilitation of a 110km roads in the west of the state - road is parallel to the border of Benin republic (10% completion)

- Execution of an Independent Power Plant

Despite the progress on road projects, businesses highlight the need for further work on roads, and for the engagement of private institutions that can run and deliver services such as power and railway transportation to aid business activities.

Current and Planned Infrastructure Projects

Current Projects
Construction of the Sango-Agbara link road
Partnership with the World bank for rural road construction through the Rural Access and Mobility Project (RAMP)
Planned Projects
Olokola Free Trade Zone and deep seaport project

The total funding costs and sources for the projects identified as well as the timeline were unconfirmed at the completion of this study.

"What will be key for Ogun is ensuring the rail system work so as to benefit from the synergies of its proximity to Lagos - it also enhances the distribution of manufactured products and is the route of the oil pipeline infrastructure bringing petroleum products to Lagos" – Large Pharmaceutical Company

The results of the state government's efforts are likely to remain limited given its constrained budget and the current infrastructure deficit. This is well understood in the state and is the driver for the interest in pursuing PPP arrangements.

The Ogun State government has announced its plan to construct three light rail lines, covering the four divisions of the state. The rail line will link passengers to the Lagos-Badagry light rail in Lagos. The rail construction is also set to boost the economy and living standards of the people. Construction was scheduled to commence in January 2017 and completed in 2019. The Federal government has also signaled its support for the project.

Spotlight on: The Light Rail project

- The state government in December 2016 announced its intention to construct three (3) light rail lines;
  - Line 1 - Agbara Estate in Ogun to Berger Bus stop in - Lagos (75 km)
  - Line 2 - Ofada to Shagamu (54 km)
  - Line 3 - Abeokuta to Ijebu-Ode (84 km)
- While there are still uncertainties around funding plans and other modalities of the project, it is scheduled for completion in January 2019.
- The light rail project upon completion will no doubt give the state its much anticipated economic boost.

Technology is gradually being adopted to improve government service delivery and the technology sector is being explored to drive innovation and youth employment

Technology

"The public service can only adopt ICT through constant training and re-training of staff"

Ministry of Works and Infrastructure

The state capital is home to a technology incubation hub with extensions across the state

The technology hub is a federal government agency run in collaboration with the state government and aims to provide a platform for businesses especially those requiring research and development results to generate viable business outcomes.

Innovations around software development, manufacturing & design and machine fabrication are the major focus of the incubation centre.

Since the inception of the programme in 2008, only 4 enrolles of the forty (40) enrollees over the years have successfully graduated from the scheme due to constraints such as insufficient funding for continued support, low power supply, difficulty to access the market and capacity constraints of the facility.

Although Ogun State was the first state to make provisions for post-incubation for new businesses through the provision of an industrial park in 2012, the park is yet to be developed and lacks the facilities to adequately support businesses.

Niger State

Niger State, the "power house" of Nigeria, has the largest land mass in the country with strong agricultural potential

The power house of Nigeria

Niger State is located in the North Central geopolitical axis of Nigeria and is bound by Kebbi and Zamfara to the North, Kwara to the South, Abuja (FCT) to the East and Republic of Benin to the West.

The state accounts for close to 10% of Nigeria's land mass, and is referred to as the "power house" of the country as it houses the three hydro-electric dams in the country.

Strategic focus of the State Government

Niger State is governed by Abubakar Sani Bello who, with Deputy Governor Ahmed Muhammed Ketso, assumed office in May 2015. The governor is viewed as very business oriented, and has carefully selected his cabinet to include professionals with extensive private sector experience. This reflects the state's focus on creating an enabling business environment for economic prosperity.

The strategic initiatives of the current administration are documented in a Development Blue Print which spans 2015 - 2019. The 5-year plan breaks down the state's strategic objectives into 1, 3 and 5 year objectives with emphasis on the key priority areas of the government which include: **Agriculture, Health, Education, Youth and Women** Empowerment. More broadly, the state has an agenda that combines social objectives, growth of business and industry, and the development of the state's infrastructure.

Rural based economy with strong Agricultural potential

With a large expanse of arable land, and close to 75% rural population in Niger State, agriculture is the main source of employment in the state. The fertile soil allows for the cultivation of staple crops, and permits sufficient grazing, water and forestry farming. The state is the largest producer of shea-butter in Nigeria, accounting for nearly 60% of aggregate shea-nut production.

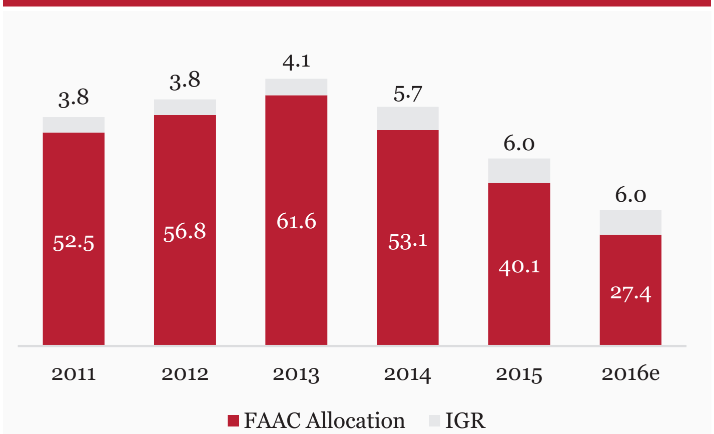
Mineral resources available in commercial quantities

Some mining activities occur in the state given its vast resources, however, this is largely small scale. According to state sources, significant gold deposits lie in Niger State with the opportunity to develop a thriving mining industry.

Implementation of development blueprint is key to diversification

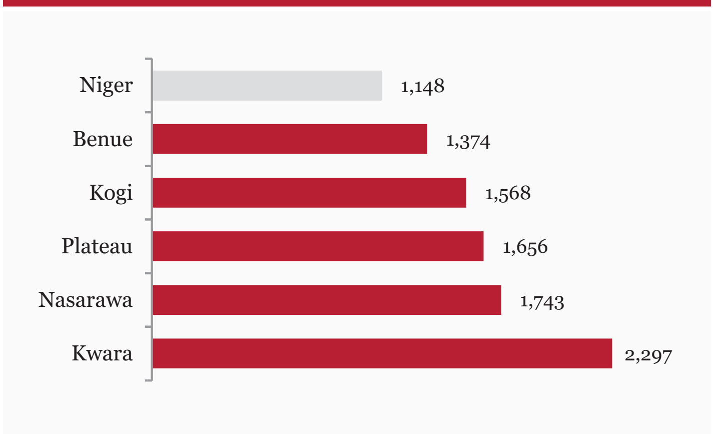
The state has severe budgetary constraints given the heavy reliance on statutory allocations - FAAC accounted for 82% of state revenues in 2016. As a result, the state faces socio-economic challenges, and is limited in its ability to execute its agenda. The implementation of the 2015 – 2019 Development Blue Print will be key to diversification, inclusive growth and economic prosperity in the state.

Figure 16: State Government Revenue (2011-2016, NGN billion)



Source: BudgIT, PwC estimates and Analysis

Figure 17: North-Central States IGR Per Capita (2016, NGN)



Source: BudgIT, PwC estimates and Analysis

Niger State has made significant efforts to improve the business environment especially in the area of registering properties, dealing with construction permits and enforcing contracts

Box 13: Summary of the Subnational Doing Business in Nigeria data for Niger (Minna)

Parameters	2010	2014	Reason for Increase/Decline
Starting a business	9/37 • Procedures – 7 • Time - 32 • Cost (% of income per capita) – 74.7	15/36 (Declined) • Procedures – 9 • Time - 32 • Cost (% of income per capita) – 57.9	• Physical inspection is still required to confirm the business location as evidence to obtain business premise permit
Dealing with construction permits	10/37 • Procedures – 12 • Time – 66 • Cost (% of income per capita – 584.3	5/36 (Improved) • Procedures – 10 • Time - 51 • Cost (% of income per capita – 477.0	• Decline in the number of procedures by 2 and number days required by 15 days • Decline in cost of getting permit by 107 percentage points to 477% in 2014
Registering a property	19/37 • Procedures – 11 • Time - 86 • Cost (% of property value) – 15.4	6/36 (Improved) • Procedures – 10 • Time - 42 • Cost (% of property value) – 13.8	• The governor delegated authority of consent thereby reducing processing time for registering a property by 51% • Established Niger Geographic information System to formalise land titles • Introduced a policy to speed up approvals and assist businesses
Enforcing Contracts	23/37 • Procedures – 40 • Time - 1130 • Cost (% of claim) – 26.5	13/36 (Improved) • Procedures - 41 • Time - 515 • Cost (% of claim) – 26.5	• Increased the number of experienced district court judges to reduce back log of claims thereby reducing time to enforce a contract by 55%
Ranking	16/37	n/a	

37 states* – Including Abuja (FCT) in 2010
36 states* - Including Abuja (FCT) but excluding Borno state in 2014

Improved Declined Unchanged

Government's initiatives to boost the business environment in the state is mainly focused on land availability, taxation and infrastructure development

Box 14: Government efforts/incentives to create an enabling business environment

Current/On-going

Land

- Processing of C of O for land acquisition within one-week
- Reduction in the registration cost for land
- Concession on land for investors (land is provided almost cost free for foreign investors)

Taxes

- Flexible tax regime, open to negotiations from investors
- Harmonisation of all taxes to encourage voluntary compliance and reduce leakages

MSMEs Support

- Provision of counterpart funding to increase access of local MSMEs to the Bank of Industry (BOI) credit facilities
- Expansion of youth and women empowerment through skills and entrepreneurship capacity development

Planned

Policies

- Upgrading of the one-stop investment centre to an Investment promotion Agency to improve ease of doing business
- Development of a strategy for dissemination of business education to MSMEs
- Providing a statistical database and access to business information to increase investment flows

Transparency

- Adoption of Oracle technology for the development of a database to operate the e-Government platform

Infrastructure

- Provision of digital infrastructure and technical manpower that supports effective public service delivery and good governance
- Construction of 100MW hydro power dam and 200MW of solar powered plant
- Construction of 3km worth of strategic roads in each of the 25 LGAs and dualization of major township roads
- Development of a mono-rail from Gusase-Chanchaga and Mutun Daya-Gidan Kwano with an estimated completion period in 2019 and commercialization of Niger State transport Authority

Agriculture development is one of the major business pillars of the current administration with special focus on improving and expanding processing capabilities

Agribusiness/Agro Processing

"Niger state has a wide range of agricultural commodities and large expanse of land that can produce enough to feed the nation"

A member of the Niger State Chamber of Commerce

Why Niger State?

Agriculture is one of the major focus areas of the current administration with special attention to the shea butter value chain as Niger accounts for ≈60% of shea butter production in Nigeria. The state is also pursuing initiatives to promote the commercial production of rice, cassava and groundnut oil, as the state possess large amount of land and raw materials.

Niger State is also a beneficiary of the Propcom Mai-Karfi (PMK) programme funded by the DFID which seeks to increase access, affordability and availability of agricultural products in rural markets.

Business Constraints

Major business constraints are around the largely informal nature of the farming sector and the limited processing capabilities in the state. Also, farmers have not developed packaging and promotion capabilities to enable them brand their products. Instead, produce from Niger State is sold as commodity to other states and countries from which they are sold as locally branded exports. This has limited the state's ability to fully extract value from the sector.

A respondent described an experience where large volumes of sheanuts in the state were sold to foreign buyers, leaving inadequate volumes to supply local processors.

Current and Planned Agricultural Projects

Current Projects
Development of 50 Ox-bow lakes and 5 dams/reservoirs
Master plan and mapping for Agricultural Development
Planned Projects
Establishment of a sugar factory by Dangote
Establishment of agricultural products conditioning centres

The Dangote sugar factory is expected to cost USD 450 million. The timeline to completion and funding costs and sources for the other projects were unconfirmed at the completion of this study.

Government Focus

- Localisation of agriculture in the state where the government will be an off taker of farm produce in order to stabilise prices
- Improving farm mechanisation techniques and agricultural processing through partnerships

Government Incentives

The state had partnered with GIZ and UNDP in the past on shea butter production and processing.

The state in collaboration with the Bank of Industry is providing counterpart funding to improve financial access to MSMEs in the agricultural sector. Also, the cost of land registration has been reduced from NGN 50,000 to NGN 15,000 to ease the cost pressures for investors.

Spotlight on: : Sheanut Production

- Nigeria accounted for 65.8% of global sheanut production in 2014, with an output of 360,000MT though below the peak of 425,000MT in 2007[30]
- Currently, shea demand is driven by the domestic market with export growth constrained by smuggling – recorded data reveals shea exports are only 12.5% of production[31]
- However, shea has tremendous potential as input to the confectionary industry and an alternative to cocoa butter
- There is also increasing inclusion of shea in cosmetics with the industry serving as the main source of domestic demand
- As with most industries in Nigeria, the shea industry is subject to structural issues – reliable electric power, transport and access to financing
- In addition, the market is highly artisanal and fragmented.
- The path to the development of shea lies in the investment of processing equipment, skills training, and restructuring of the supply chain

Niger State has potential for the mining of solid minerals especially gold due to its abundance in the state

Mining

"There will come a time when houses will be bought solely for the value of the mineral resources in the ground beneath them"
A member of the Niger State Chamber of Commerce

Why Niger State?

Niger State has potential for the mining of solid minerals especially gold. The potential has been recognised with some (anecdotal) estimates suggesting there are sufficient deposits for commercial mining operations to be established. Other mineral resources identified include zinc, columbite, lead and iron.

Business Constraints

Given the nascent state of the industry, much of the mining activities in the state are unrecorded and seen as largely outside the formal sector.

In addition, financing options for commercial exploration of solid minerals are limited due to the perception of the sector as "high risk". This has resulted in the low exploration and exploitation capacity of the state.

With about 75% of its 4 million population being rural, there is a significant shortage of skilled human capital in the state.

Current and Planned Mining Projects

Planned Projects
▪ State collaboration with the Federal Government of Nigeria on the solid minerals value chain development particularly in the area of mining and processing
▪ State collaboration with research institutes to fund research in the areas of mineral resource exploration and exploitation

The timeline to completion and funding costs and sources for the projects identified were unconfirmed at the completion of this study

Government Focus

Focus areas for the government include:
- Identifying the available mineral resources in the state and assessing their economic viability
- Monitoring mining activities in the state
- Creating a database of miners along with an assessment of their current status and present worth
- Collaborations with research/educational institutions to \ fund research into mineral resources

Government Incentives

The government is engaging with various industries to design and provide incentives to attract suitable investors to drive rapid development of the mining potential in the state.

Spotlight on: : Gold Mining

- Niger State is understood to be rich in gold. Gold mining is currently carried out by artisans with limited skills in extraction and processing
- Mining activities take place in various communities in Niger State. However, Minna has recorded a significant increase in mining artisans, with some who come from as far as the Niger republic
- Minna is reported to have the largest concentration of mine fields in a single geographical location, more than any other location in the state. This was further corroborated by the Permanent Secretary, Ministry of Environment and Mineral Resources and Forestry
- Given the huge deposits of gold and other solid minerals in the state, the current administration has plans to collaborate with the Federal Government in developing the value chain

Making it Happen

There are some key actions needed to address the challenges in the business environment and attract investment at state level

Agriculture, manufacturing, transport infrastructure (road, rail) and power generation are some of the recurring themes for possible investment from our field study. The states have made varying levels of progress in easing some of the business constraints within the state. However, there is much still to be done to bride the gap especially given the fiscal constraints they face. States need to attract investment for establishing businesses and job creation; delivering infrastructure and capital projects; and generating additional tax revenues. States already offer a number of incentives to investors including: land acquisition and processing support, business incentives (tax relief, premium / rebate on land) and investments to address infrastructure needs.

However, to fully realise this objective, it is clear that both the Federal and State Governments are required to work collaboratively to address the pending areas. A number of these can be done independently (i.e. by states and by the Federal Government). However, some of these require working together and aligning plans in order to achieve desired outcomes. In addition, both governing units require continuous dialogue with industry and other stakeholders to identify areas where intervention is required in order to attract the investment so badly needed in the states' economies.

Box 15: Summary of Actions Required to Address Gaps and Position Competitively

Federal	State	Federal/State
▪ Institutionalise framework for Public Private Partnerships in the focus sectors	▪ Facilitate technical partnerships and knowledge transfer with companies across sectors	▪ Facilitate funding for proposed projects across priority sectors
▪ Identify and execute investment policy reforms targeted at increasing investor confidence in doing business in the states	▪ Provide targeted technical training to build capacity for the key sectors	▪ Attract grants and credit to the government to support growth of SMEs in specific sectors with minimal conditions attached
	▪ Identify and engage partners for technical assistance to aid specific projects	▪ Accelerate reforms to judiciary process and provide alternative dispute resolution (ADR) options
		▪ Secure sponsorship to commission studies to gather baseline industry data

Investors looking to take advantage of opportunities within the various sectors should consider the following as they explore investment in the states:

1. Business Incentives – These are available across most sectors and are flexible/negotiable depending on the nature of investment. Engaging the appropriate state authorities is often key to understanding the available incentives.

2. Government Posture – Most state governments are increasingly business oriented and are seeking investments in these areas to expand their economies. Selecting a business friendly location can significantly affect investment outcomes.

3. Infrastructure Gaps – Investors may need to provide their own infrastructure in certain sectors, as the government's efforts remain insufficient. And in a number of cases, these infrastructure gaps present investment opportunities.

Appendices

Appendix 1: Distribution of solid minerals across Nigerian states (1/3)

State	Mineral Deposits
Abia	Glass sand, limestone, salt, shale, ball clay, granite, galena, marble laterite, bentonite, phosphate, kaolin, pyrite, feldspar, petroleum, lignite, gypsum, sphalerite, clay
Adamawa	Feldspars, fluorspar, marble, gypsum, magnesite, tantalite, rock crystal, laterites, topas, sandstones, mercury, glass sand, zircon, spinel, emerald, graphite, beryil, tourmaline, mica, iron ore, clay minerals, diatomite, coal, garnet, aquamarine, gold dust, zoisite, cassaterite, agates, amethyst chalcopyrite, kaolin, limestone, chalcedony, onyx, barytes, zinc, tin, uranium, quartz, mica, wolframite, columbite, platinum, ruby
Akwa Ibom	Clay, glass sand, salt, silica sand, granite, coal, petroleum, natural gas, kaolin, limestone, lignite
Anambra	Clay, iron stone, natural gas, petroleum, sand stone, kaolin, pyrite, lignite
Bauchi	Kaolin, trona, gypsum, cassiterite, mica, clay, tantalite, galena, iron ore, gemstone, sphalerite, silica sand, barite, columbite, zinc, lead, muscovite, quartz, tin, glass sand, monazite, feldspar, graphite, wolfram, coal, agate, rutile, tungsten, copper, talc, ilmenite, zircon
Bayelsa	Salt, petroleum, natural gas, silica sand, bentonite, petroleum, limestone, glass sand
Benue	Gemstone, barites, feldspar, marble, mica, silica sand, quartz, galena, lead, zinc ore, silica sand, clay, crushed and dimension stone, fluorspar, wolframite, bauxite, shale, magnesite, ilmenite.
Borno	Silica sand, natural salt, sapphire, topaz, mica, quartz, gypsum, uranium, iron ore, magnesite, feldspar, granite aquamarine, nepheline, limestone, kaolin, bentonite, laterite, refractory clay, trona, gold, tin, potash
Cross River	Salt limestone, coal, manganese, mica, ilmenite, gold, quartz, glass sand, tourmaline, petroleum, natural gas, kaolin, tin ore, sharp sand, spring water, salt deposit, talc, granite, galena, lead, zinc, tin ore, muscovite, uranium, barite
Delta	Kaolin, lateritic clay, gravel, silica sand, natural gas, petroleum, ball clay, bauxite, granite, river sand, clay, spring water
Ebonyi	Lead, zinc ore, salt, limestone, ball clay, refractory clay, gypsum, granite
Edo	Charnokite, copper, gold, marble, granite, gypsum, petroleum, diorite, lignite, limestone, ceramic clay

Source: Nigeria's Mining and Metal Sector: Investment Promotion Brochure (2016)

Appendix 1: Distribution of solid minerals across Nigerian states (2/3)

State	Mineral Deposits
Ekiti	Clay, charnokite, quartz, lignite, limestone, granite, gemstone, bauxite, cassiterite, columbite, tantalite, feldspar, kaolin
Enugu	Laterite clay, crude oil, kaolinitic clay, iron ore, glass sand, petroleum, gypsum, coal, silica sand ceramics
Gombe	Graphite, kaolin, limestone, silica sand, uranium, coal, halite, clay, gypsum, diatomite, granite
Imo	Crude oil, shale, natural gas, kaolin, laterite sand, limestone, salt, marble
Jigawa	Glass sand, granite, laterite clay, silica, kaolin, iron ore, quartz, potash, talc, ilmenite, gemstone, columbite
Kaduna	Muscovite, granite, gold, manganese, clay, graphite, sand, zircon, kyanite, tin ore, ilmenite, gemstone, columbite
Kano	Clay, laterite, cassiterite, columbite, ilmenite galena, phyrochlorite, kaoline, gemstone, silica, tin ore, monazite, wolframite, thorium, granite, hyalite, kaolin, beryl, amethyst, gold
Kastina	Gold, manganese, lateritic, clay, feldspar, black tourmaline, amethyst, quartz, kaolin, mica, gypsum, silimanite, clay, granite, sand, uranium asbestos, tourmalin, chromites, ilmenite, diamond, graphite, iron ore, potash, silica sand
Kebbi	Salt, iron ore, gold, feldspar, limestone, quartz, bauxite clay, manganese, kaolin, mica
Kogi	Clay, iron ore, gemstone, marble, limestone, feldspar, dolomite, phosphate, mica, cassiterite, granite, ornamental stone, coal
Kwara	Clay, kaolin, silica sand, quartz, dolomite, marble, feldspar, gold, tantalite, cassiterite, granite, limestone
Lagos	Silica sand, bitumen, sharp sand, gravel, petroleum, laterite

Source: Nigeria's Mining and Metal Sector: Investment Promotion Brochure (2016)

Appendix 1: Distribution of solid minerals across Nigerian states (3/3)

State	Mineral Deposits
Nasarawa	Cassiterite, gemstone, amethyst, beryl, chrysolite, emerald, gamet, sapphire, topaz, barites, galena, monazite, zircon, glass sand, coal
Niger	Bell clay, kaolin, limestone, granite, glass sand, iron ore, red clay, feldspar, silica sand, quartz, asbestos, marble, talc, gemstone, gold, manganese and tantalite
Ogun	Kaolin, feldspar, silica sand, mica, granite, clay, phosphate, gypsum, limestone, quartz, tar sand
Ondo	Marble, gold, gemstone, diorite, lignite
Osun	Clay, granite, talc, dolomite, feldspar, quartz, limestone, mica, gold
Oyo	Clay, feldspar, granite, limonite, iron ore, kaolin, quartz, talc, marble, dolomite, tourmaline, aquamarine, amethyst, gemstones
Plateau	Monazite, columbite, feldspar, clay, cassiterite, gemstone, kaolin, dolomite, mica, zircon, marble, limonite, barite, quartz, talc, galena
Rivers	Petroleum, natural gas, silica sand, glass sand, clay
Sokoto	Silica sand, clay, salt, limestone, phosphate, gypsum, kaolin, laterite, potash, granite
Taraba	Fluorspar, gamet, tourmaline, sapphire, zircon, tantalite, columbite, cassiterite, barite, gelena, limestone, laterite, calcite, bentonitic clay, sapphire
Yobe	Salt, trona, diatomite, clay, gypsum, kaolin silica sand, limestone, epsomite, iron ore, shale, uranium, granite, bentonic clay
Zamfara	Gold, alluvia gold, granite, chromites, chamorckite, clay, feldspar, spring water
FCT	Limestone, kaolin, granite, marble, feldspar, mica, dolomite, clay, sand, talc, lead, zinc and gold

Source: Nigeria's Mining and Metal Sector: Investment Promotion Brochure (2016)

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Appendix 3: Glossary of Terms (1/2)

Acronym	Meaning
AES	Anambra Economic Summit
AHEY & WE	Agriculture, Health, Education, Youth and Women Empowerment
AMES	Atlantique Marine and Engineering Services
ANSIPPA	Anambra State Investment Promotion and Protection Agency
ASA	Anambra State Association
ASBA	Anambra State Small Business Association
BOI	Bank of Industry
CAC	Corporate Affairs Commission
C of O	Certificate of Occupancy
CBN	Central Bank of Nigeria
CET	Common External Tariff
CCTV	Close-Circuit Television
CEO	Chief Executive Officer
DFID	Department for International Development
EBES	Enabling Business Environment Secretariat
ECOWAS	Economic Community of West African States
EEG	Export Expansion Grant
EFCC	Economic and Finance Crimes Commission
EIA	Environmental Impact Assessment
ERGP	Economic Recovery and Growth Plan
EXCO	Executive Council

Acronym	Meaning
EY	Ernst and Young
FAAC	Federal Accounts Allocation Committee
FAO	Food and Agriculture Organisation
FCO	Foreign and Commonwealth Office
FCT	Federal Capital Territory
FDI	Foreign Direct Investment
FGN	Federal Government of Nigeria
FMCG	Fast moving Consumer Goods
FPI	Foreign Portfolio Investment
GDP	Gross Domestic Product
GIS	Geographic Information System
GIZ	Gesellschaft für Internationale Zusammenarbeit
ICPC	Independent Corrupt Practices and Other Related Offences Commission
ICT	Information communication Technology
IFAD	International Fund for Agricultural Development
IGR	Internally Generated Revenues
IMF	International Monetary Fund
IPP	Independent Power Producer
JV	Joint Ventures
KM	Kilometer
LASPPPA	Lagos State Physical Planning and Permit Authority
LGA	Local Government Area
MADE	Market Development Programme

Appendix 3: Glossary of Terms (2/2)

Acronym	Meaning
MD	Managing Director
MDA	Ministries Department and Agencies
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium scale Enterprises
MT	Million tonnes
MW	Megawatts
NADDC	National Automotive Design and Development Council
NAIDP	National Automotive Industry Development Plan
NBS	National Bureau of Statistics
NCS	Nigeria Customs Service
NGF	Nigerian Governors Forum
NGN	Nigerian Naira
NGO	Non-Governmental Organisation
NIGCCIMA	Niger State Chamber of Commerce industries, Mines and Agriculture
OEM	Original Equipment Manufacturers
OGUNCCIMA	Ogun State Council of Chamber of Commerce Industries, Mines and Agriculture
OPIC	Overseas Private Investment Corporation
PAYE	Pay as You Earn

Acronym	Meaning
PEBEC	Presidential Enabling Business Environment Council
PMK	Propcom Mai-karfi
PPA	Power Purchase Agreement
PPP	Public-Private Partnership
PwC	PricewaterhouseCoopers
RAMP	Rural Access and Mobility Project
SEEFOR	State Employment and Expenditure for Results
SME	Small and Medium Enterprises
SPM	Supplementary Protection Measures
TRIMS	Trade Route Incidence Mapping System
TSA	Treasury Single Account
TVET	Technical and Vocational Education Training
UK	United Kingdom
UNDP	United Nations Development Programme
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
USD	United States Dollar

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