There are many reasons why Nigeria remains a compelling consideration for any investor seeking to participate in the economic potential that the African continent represents. Nigerians are entrepreneurial, hard-working and have a can-do spirit that translates to energetic optimism. The Nigerian economy, the largest on the continent, is powered by a private sector which regularly innovates to meet the growing needs of the large domestic market. The increasingly sophisticated needs of Nigerian consumers in the retail, entertainment and service sectors are as likely to be served by innovative and ambitious small and medium companies, as by large local and global brands.

Then there is the scale and demographic structure of its 196 million population, which is estimated to become the world’s third largest by 2050. With a median age under 19, Nigeria has a large population of tech-savvy, hard-working, optimistic and mobile youth. About 90% of the population is under 50, providing the assurance of a large, English-speaking talent pool for many years into the future.

Nigeria also has abundant natural resources. The country is ranked as one of the world’s top 10 for proven oil and gas reserves, and is wealthy in minerals such as tin and iron ore. Nigeria is also home to some of Africa’s most productive agricultural land; its agricultural zones, which stretch from the tropical savanna in the north to the coastal rainforest in the south, the mangrove of the Niger Delta complemented by tropical and semi-temperate weather prevalent across the country, support the cultivation of a wide variety of agricultural produce from exotic fruits, vegetables and tree crops to root crops. Just as important, many of its current economic growth drivers are unashamedly 21st Century, including telecoms and financial services, media and manufacturing.

It is well located strategically, just one hour ahead of GMT and within easy trading distance of Africa’s largest business centres, from Cairo to Johannesburg, Addis Ababa to Casablanca. Its land borders with Benin, Cameroon, Chad and Niger make it a natural hub for the West African region. And its trading infrastructure is strong and resilient, with four international airports, three major seaports and fast-improving road and rail networks.

Although the above factors all combine to make Nigeria an essential component of any pan-African strategy, the country’s growing economic success is about much more than population, geology and geography.
A country on the move

Introduction
Nigeria is the largest economy in Sub-Saharan Africa with a GDP of over $460 billion and population of over 190 million.

Country overview
Nigeria is the largest economy in Sub-Saharan Africa (SSA). It is forecast to become one of the world’s 20 largest economies by 2030, supported by the rapid expansion of its infrastructure.

Nigeria’s population of around 196 million is significantly the largest in Africa. It is young – more than half (54%) is under 25 – fast-growing (2.7%+ YoY) and increasingly urban.

It is not overly reliant on ‘old world’ resources. Since the 2000s, non-oil sectors such as agriculture and telecommunications have taken over as the key drivers of the economy.

Nigeria: a strong investment case
The country provides an attractive investment destination, backed by strong economic fundamentals for businesses to thrive.

• Remained Africa’s largest economy over the last seven years
• Geographical land mass bigger than France and UK combined. Also blessed with diverse natural resources
• Current monthly minimum wage is $83 compared to $233 in South Africa or $124 in Egypt
• Considered one of the ten most improved economies in the World Bank Doing Business Report 2020
• Largest market across Africa with a projected population of 402m and the world’s 3rd largest population by 2050
• Per capital income of $2028.2 is 84% higher than Africa’s average of $1,720
• Home to many international brands who have recorded success operating in Nigeria such as PZ, GSK, Unilever, Diageo and MTN
• Financial market is one of the largest in Africa, with a capital market capitalisation rate of over US$40 billion
• Witnessed 20 years of uninterrupted democracy spanning peaceful handover of five elected Presidents
• Federal government has provided numerous initiatives and policies to incentivise investment across various sectors
• Projected to grow at a CAGR of 2.50% over the next five years
• Nigeria has a very young, energetic, tech-savy and entrepreneurial population with over 50% of the total population below 25 years old.

Key facts

Geography
Location Sub-Saharan Africa
Size 923,768 Km²
Land 910,768 Km²
Water 13,000 Km²

Financial
Official currency Naira
Exchange rate ₦360/US$1
GDP $469.3 billion
Per capita $2,396.3
Growth 1.9%
Population

Age mix
A. 0 – 14 years 43%
B. 15 – 24 years 20%
C. 25 – 54 years 30%
D. 55 – 64 years 4%
E. 65 years and above 3%

Natural resources
The country has significant natural resource wealth available in commercial quantities across the six geopolitical zones

Sources: http://nigerianports.gov.ng/, https://airport-authority.com/browse-NG KPMG Research

1 McKinsey Global Institute Nigeria’s renewal: Delivering inclusive growth in Africa’s largest economy
Living in Nigeria

The majority of expatriates in Nigeria live in urban areas, including major hubs such as Lagos, Port Harcourt and Abuja.

Key highlights

5 Major hubs
Lagos, Abuja, Kano, Enugu and Port Harcourt.

Tropical climate
Long wet season in the south, shorter wet season in the north.

Soccer
is a major pastime in Nigeria. Other recreational activities include swimming, playing tennis, bowling, casino and horse riding.

45+ cinema houses (2019).

10+ golf courses in various states in Nigeria.

Holidays

<table>
<thead>
<tr>
<th>Holiday</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Year’s Day</td>
<td>1 January</td>
</tr>
<tr>
<td>Easter holidays</td>
<td>Movable days</td>
</tr>
<tr>
<td>Worker’s Day</td>
<td>12 June</td>
</tr>
<tr>
<td>Children’s Day</td>
<td>1 October</td>
</tr>
<tr>
<td>Democracy Day</td>
<td>Movable days</td>
</tr>
<tr>
<td>Independence Day</td>
<td>25 &amp; 26 December</td>
</tr>
<tr>
<td>Muslim holidays</td>
<td>Christmas holidays</td>
</tr>
</tbody>
</table>

2018 property rental and acquisition rates per major city

<table>
<thead>
<tr>
<th>City</th>
<th>Rent per annum (3-5 bedroom)</th>
<th>Rent</th>
<th>Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ikoyi, Lagos</td>
<td>$30,556</td>
<td>$855,556</td>
<td></td>
</tr>
<tr>
<td>Maitama, Abuja</td>
<td>$35,764</td>
<td>$1,071,528</td>
<td></td>
</tr>
<tr>
<td>PH, Rivers</td>
<td>$8,861</td>
<td>$347,222</td>
<td></td>
</tr>
</tbody>
</table>

* Translated at ₦360/$US1
Source: KPMG Research, NBS, Knight Frank, African Horizons Report 2019

The Nigerian lifestyle

Many western-style shopping malls, international hotel brands and restaurants have set up outlets in key locations across Nigeria.

Shopping in Nigeria

The Western-style shopping malls that are common in Nigeria’s urban areas are fully stocked with local and foreign brands.

Nigeria is home to several international food chains:

- CIRCA
- CIRCLE MALL
- MANGO
- PANDORA
- SPAR
- RUFF ‘N’ TUMBLE
- COLD STONE CREAMERY
- DEBONAIRS PIZZA
- Hard Rock
- La Taverne
- Palms
- KFC
- R.S.V.P.
- Spiceroute
- Izanagi

Education and learning experience

Nigeria has a mix of excellent international schools including those with UK, US and French Curricula and many send students to reputable global universities. Fees range from US$5,000 to as high as US$30,000 per year.

Future topics

- The Nigerian economy
- Business opportunities
- Investment trends

Future topics

- The Nigerian economy
- Business opportunities
- Investment trends
The Nigerian lifestyle

Select International hotel brands in Nigeria

<table>
<thead>
<tr>
<th>Hotel</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOLDEN TULIP</td>
<td>Lagos</td>
</tr>
<tr>
<td>Hilton</td>
<td>Abuja</td>
</tr>
<tr>
<td>PROTEA HOTELS</td>
<td>Lagos</td>
</tr>
<tr>
<td>Radisson BLU</td>
<td>Lagos</td>
</tr>
<tr>
<td>SHERATON</td>
<td>Abuja</td>
</tr>
<tr>
<td>Southern Sun</td>
<td>Lagos</td>
</tr>
</tbody>
</table>

Healthcare
Prominent hospitals for expatriates in Nigeria include:

<table>
<thead>
<tr>
<th>Bridge Clinic</th>
<th>Nizamye Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lagoon Hospital, Nigeria</td>
<td>Reddington Hospital</td>
</tr>
</tbody>
</table>

Key features of the Nigerian healthcare system/medical centres include:

- Highly qualified and experienced specialists and consultants
- Existence of modern technological equipment for diagnostic and therapeutic purposes
- Provision of general medical services, paediatric and specialist services
- Liaison with private health insurance companies, which offer both local and international coverage.

Source: KPMG Research
The Nigerian economy has achieved steady improvement and relative stability across many key macroeconomic indicators during recent years.

Headline inflation has steadily declined since its peak of 18.72% in early 2017. This spike was due to the country’s continued dependence on imported goods, which became more expensive during the recession due to the devaluation of Naira.

The FX market has been relatively stable since mid 2017 although a multiple exchange rate system operates.

Given the relative stability in key macro-economic indicators, the CBN cut the Monetary Policy Rate to 13.5%.

Nigeria’s size and demography make it a compelling investment case.

**Key enablers**
- Policy direction, encouraging private-sector participation in the economy
- Gradual improvements in infrastructure, which are expected to have a positive impact on Nigeria’s economic performance
- Expectations that the non-oil sector will stimulate further fiscal revenue diversification and stronger economic growth over the medium to long-term
- Further FX improvements, driven by growing exports of crude oil and the planned shift from importing 80% of refined petroleum to becoming a net exporter.

Population growth rate (2019E – 2024F CAGR)

Based on the chart, Nigeria’s population growth rate is expected to be one of the highest among other African countries, indicating a strong demographic dividend.

**Key**
- 0 – 50m
- 50 – 100m
- 100 – 150m
- 150+bn

Population growth rate (2019E – 2024F CAGR)

Nigeria vs. other African countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Population Growth Rate CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>5.2%</td>
</tr>
<tr>
<td>South Africa</td>
<td>2.3%</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>3.8%</td>
</tr>
<tr>
<td>Ghana</td>
<td>3.1%</td>
</tr>
<tr>
<td>Kenya</td>
<td>3.0%</td>
</tr>
<tr>
<td>Angola</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

**Source:** IMF

Population (2018)

Key
- 0 – 50m
- 50 – 100m
- 100 – 150m
- 150+bn

**Source:** IMF
An assessment of policy reforms delivered during the last three years shows positive impacts including:

- 60% reduction in time taken to register property in Lagos and Kano
- 30% reduction in import documentation
- 51% reduction in time taken to connect to the electricity grid, and a cut in the number of procedures from nine to seven
- 200% reduction in average airport-clearance time for visitors
- 26% reduction in cost of registering a business
- 51% reduction in time taken to obtain a development permit in Lagos (from 61 to 30 days).

Reforms implemented by the Federal Government of Nigeria

Key reforms implemented by the Nigerian government to promote the ease of doing business include:

- The introduction of an online platform for paying stamp duties, accelerating the registration of new businesses and eradicating the need for on-site inspections when registering business premises
- The launch of e-payment systems to reduce time taken for international trade
- The easing of access to electricity services by allowing certified engineers to conduct inspections for new connections.

Nigeria is home to several successful global brands and businesses, some of whom have operated locally for decades.


Ease of doing business ranking 2020 (World Bank) and Global Competitiveness ranking 2019 (World Economic Forum)


Businesses in Nigeria

Nigeria Investment Guide 10

Africa Investment Summit

Nigeria Investment Guide

Africa Investment Summit 11
Businesses in Nigeria

In the last decade, Nigeria has recorded several successful investments from multinational entities including UK-based investors.

Some successful private investments from UK-based entities are highlighted below:

<table>
<thead>
<tr>
<th>Investor name</th>
<th>Year of investment</th>
<th>Target name</th>
<th>Deal size (US$’m)</th>
<th>Sector of target</th>
<th>Transaction type</th>
<th>Terminals or Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDC Group</td>
<td>2015</td>
<td>Elephant Group</td>
<td>Undisclosed</td>
<td>Agriculture</td>
<td>Private Equity Acquisition of</td>
<td>Terminal Two of Murtala Muhammed Airport, tarmac and multi-storey car park</td>
</tr>
<tr>
<td>PZ Cussons Plc</td>
<td>2015</td>
<td>Nutricia</td>
<td>31</td>
<td>Beverages</td>
<td>Acquisition of Equity Stake</td>
<td></td>
</tr>
<tr>
<td>Afrex Holdings Limited</td>
<td>2014</td>
<td>First Hydrocarbon Nigeria</td>
<td>110</td>
<td>Oil and Gas</td>
<td>Acquisition of Equity Stake</td>
<td></td>
</tr>
<tr>
<td>Afrin PLC</td>
<td>2013</td>
<td>Acorn Packaging Limited</td>
<td>105</td>
<td>Containers and Packaging</td>
<td>Acquisition of Equity Stake</td>
<td></td>
</tr>
<tr>
<td>Nanaplah Holdings (UK) Limited</td>
<td>2013</td>
<td>East Henstar Gas Company</td>
<td>347</td>
<td>Oil and Gas</td>
<td>Acquisition of Equity Stake</td>
<td></td>
</tr>
<tr>
<td>Seven/Energy International Limited</td>
<td>2013</td>
<td>Hermitage Limited</td>
<td>250</td>
<td>Data Processing and Outsourced Services</td>
<td>Acquisition of Equity Stake</td>
<td></td>
</tr>
<tr>
<td>Nolde Investment Partners Limited</td>
<td>2010</td>
<td></td>
<td>106</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Capital IQ

Highlights of successful PPP investments

The Nigerian government has also created an enabling environment for PPP projects to thrive in the country.

There are several identified projects across various sectors of the economy that provide opportunities for PPP arrangements. Some of these projects are highlighted below:

**Trans-Nigeria Gas Pipeline**

**Procurement stage**
The project involves the construction of an LPG and Ethanol/Methanol Plant at Emede Uzere, Delta State.

**Hydropower Generation Facilities**

**Procurement stage**
The Federal Ministry of Water Resources intends to develop a hydropower generation facility in both Taraba and Benue states.

**Development of Fishery Terminals**

**Procurement stage**
The Federal Ministry of Agriculture and Rural Development is proposing the development of fishery terminals in Akwa Ibom and Rivers states.

**LPG and Ethanol/Methanol Plants**

**Procurement stage**
This project involves the construction of an LPG and Ethanol/Methanol Plant at Emede Uzere, Delta State.

**Aviation Leasing Company (ALC)**

**Procurement stage**
The Federal Ministry of Trade, Industry and Investments intends to develop an ICT enabled platform to attract MSMEs to the formal sector.

**Solar Power Off-Grid Rural Electrification**

**Procurement stage**
This involves the provision of off-grid solar power to remote rural communities in Gombe, Niger, Kogi, Ebonyi, Oyo and Ogun states.

**Makurdi Hydropower Project**

**Procurement stage**
The Federal Ministry of Power, Works & Housing intends to develop an electric power system in Benue State.


**Niger Delta Broadband Development Initiative**

**Procurement stage**
The NDDC intends to provide broadband internet access, connectivity, and associated services in the Niger Delta region.

**Development of SME Portal**

**Procurement stage**
The Federal Ministry of Trade, Industry and Investments intends to develop an ICT enabled platform to attract MSMEs to the formal sector.

**Gurara Facility Management**

**Procurement stage**
The Federal Ministry of Water Resources intends to develop a hydropower generation facility in both Taraba and Benue states.

**Nigeria Investment Guide**
Other opportunities

Nigeria offers investment opportunities in markets across the infrastructure space, amidst huge supply gaps.

### Sector Transition

<table>
<thead>
<tr>
<th>Sector</th>
<th>Transport</th>
<th>Power</th>
<th>Water</th>
<th>ICT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key players</td>
<td><img src="image" alt="Government" /></td>
<td><img src="image" alt="Distributors" /></td>
<td><img src="image" alt="Investors" /></td>
<td><img src="image" alt="Generation Companies" /></td>
</tr>
</tbody>
</table>

### Competitive Landscape

<table>
<thead>
<tr>
<th>Barriers to entry and exit</th>
<th>Moderate</th>
<th>Low</th>
<th>Moderate</th>
<th>Moderate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyer power</td>
<td>Moderate</td>
<td>Low</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Supplier power</td>
<td>Moderate</td>
<td>High</td>
<td>Moderate</td>
<td>Low</td>
</tr>
</tbody>
</table>

### Opportunities and sample priority projects

- **Transport**
  - Road – Construction of major roads such as the second Niger bridge, among others
  - Rail – Concession of Lagos – Kano railway line, completion and concession of Port Harcourt – Maiduguri railway line, etc.
  - Aviation – Concession of major airports (Lagos, Abuja, Port Harcourt and Kano)

- **Power**
  - Construction of 215MW LPG/Gas Power station Kaduna
  - Afam Fast Power Programme
  - Accelerated Gas and Solar Power Generation
  - Availability of concession ready hydroelectric power plants including: – Zungeru (700MW) – Kano (100MW) – Kashimbilla (40MW)

- **Water**
  - Partnership for Expanded Water, Sanitation and Hygiene (PEWASH)
  - Rehabilitation of dams and irrigation projects nationwide

- **ICT**
  - Investments in new generation telecommunication infrastructure
  - Licensing of more broadband services on the 5.4 GHz Spectrum Band
  - Ongoing process for the allocation of frequencies in the 70/80 GHz band (E-Band)
  - Approval for the deployment of 4G LTE by NATCOM Development and Investment Limited.

Source: Nigerian Approved Budget

### Key players

- Government
- Distributors
- Investors
- Generation Companies
- Contractors
- Regulator
- Regulators
- Transmission Company

### Agriculture

The agricultural sector continues to play a vital role in the economy, contributing the highest to Nigeria’s GDP.

#### Competitive advantages

- 84 million hectares of agricultural land area to support production of a variety of agricultural commodities
- Population expected to increase to 410 million by 2050\(^1\), thereby increasing domestic consumption
- Presence of large conglomerates including Dangote, BUA, Olam, TGI group and Wilmar
- 279m\(^3\) billion of surface water, constituting untapped irrigation potential.

#### Opportunities for investment

- Invest in the supply of agricultural inputs and the production of agricultural produce
- Set up a fertiliser manufacturing facility in Nigeria with extensive distribution networks
- Investment in available public/private partnership storage facilities and development of private silos
- Commodity trading for commodities such as wheat, maize and sorghum.

#### Current state

- 25% Contribution to GDP\(^1\)
- 77% Increase agricultural exports, 2018
- US$538.9 million Agriculture budgetary allocation, 2019

#### Subsector contribution

- **Crop** 90%
- **Livestock** 7%
- **Fishing** 2%
- **Forestry** 1%

Source: \(^1\)NBS, BMI, \(^2\)NPC, FMAARD Website

---

14 Nigeria Investment Guide
15 Africa Investment Summit
Trade flows and investments

Trade flows and trade treaties, investment trends and mechanisms in place to protect investor rights

Trade flows in Nigeria

Nigeria is driving a growing trade surplus on the back of a gradual recovery from recession. Nigeria is well positioned for regional and global trade.

Recent factors affecting Nigeria’s foreign trade:
• Nigeria joined 52 other countries in signing the African Continental Free Trade (AfCFTA) agreement.

Exports by value (2018)
$63.1bn

Imports by value (2018)
$40.8bn

Source: EIU, NBS
Trade flows in Nigeria

Nigeria has a trade surplus with its largest trading partners, and the potential to grow its relationship with other partners is strong.

United States
- Value of imports from: $2,508m
- Flight time: 13h 42m
- Distance: 10,619km
- Major import: Vehicles

India
- Value of exports to: $8,670m
- Flight time: 9h 46m
- Distance: 7,457km
- Major export: Mineral fuels and oils

Belgium
- Value of imports from: $2,573m
- Flight time: 6h 9m
- Distance: 4,543km
- Major import: Mineral fuels and oils

France
- Value of exports to: $4,191m
- Flight time: 5h 31m
- Distance: 4,031km
- Major export: Mineral fuels and oils

China
- Value of imports from: $7,094m
- Flight time: 12h 56m
- Distance: 10,011km
- Major import: Machinery and mechanical appliances

South Africa
- Value of exports to: $3,422m
- Flight time: 6h 16m
- Distance: 4,645km
- Major export: Mineral fuels and oils

South Korea
- Value of imports from: $3,373m
- Flight time: 12h 56m
- Distance: 10,511km
- Major import: Machinery and mechanical appliances

Spain
- Value of exports to: $5,304m
- Flight time: 4h 53m
- Distance: 3,529km
- Major export: Mineral fuels and oils

Netherlands
- Value of imports from: $2,573m
- Flight time: 6h 19m
- Distance: 4,543km
- Major import: Mineral fuels and oils

United Kingdom
- Value of exports to: $1,577m
- Flight time: 4h 31m
- Distance: 4,961km
- Major export: Mineral fuels and oils

Key:
- Value of exports to: Value of goods Nigeria exports to the country
- Value of imports from: Value of goods Nigeria imports from the country
- Major export: Nigeria’s top exported commodity to the country
- Major import: Nigeria’s top imported commodity from the country

Location analysis

FDI flow and stock
The uncertainty in Nigeria’s economic prospects eroded investor confidence and consumer demand. This led to a decline in foreign direct investment from c.US$4.4 billion in 2016 to c.US$2.0 billion in 2018.

However, as the economy continues to stabilise, it is expected that the flows will return to pre-recession levels.

Cross-border investments (2018, $m)
- Greenfield investment (announced)
- Cross-border M&A / Divestment

FDI stock vs flow (2018, $m)

Top 5 trading partners as at Q2 2019
- Export: India 17.3%, Spain 12%, Netherlands 10.4%, USA 7.7%, France 6.1%
- Import: China 25.5%, USA 10.5%, Netherlands 9.3%, India 7.5%, Belgium 6.2%

Source: NBS, UNCTAD, EIU

Crude Oil Exports
- Unrefined petroleum products 45.7%

Manufactured Goods
- Vehicles, vehicles, pharmaceutical glassware 30%

Other Oil Products
- Natural gas, bituminous coal 15.6%

Raw Materials
- Urea, leather, rubber, cane sugar, tobacco 4.4%

Agricultural Goods
- Sesame seeds, cocoa beans, cashew nuts 3.8%

Solid Minerals
- White cement, zinc, lead ores, salt, granite 0.43%

Energy Goods
- Fuel woods, charcoal, coniferous wood 0.11%

Share of total trade as at Q2 2019

Source: NBS

Top 5 trading partners as at Q2 2019

Export, import and trade balance (2014 – 2022)

Nigeria Investment Guide Africa Investment Summit
### Trade and investment.

Nigeria has a number of trade treaties, reliefs and agreements in place to help it maximise the benefits gained from foreign trade and investment.

| Incentives | The Continental Free Trade Agreement will establish a single market for goods and services across 54 countries, allowing the free movement of business, travellers and investments, and create a continental customs union to streamline trade and attract long-term investment.  
In August 2019, Nigeria became the 53rd and penultimate African country to sign the agreement.  
Full implementation of the agreement will take some time as negotiations covering trade, dispute settlement, investment, competition policy and intellectual property rights would have to be completed. |
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade with the UK</td>
<td>The UK will roll over much of its trade preferences after Brexit, giving Nigeria continued preferential access to the UK market.</td>
</tr>
</tbody>
</table>
| Generalised Scheme of Preferences (GSP) | Nigeria currently benefits from the General Scheme of Preferences (GSP) of the European Union (EU), which is granted unilaterally by the EU to vulnerable developing countries. GSP reduces EU import duties for around 66% of all product tariff lines.  
| African Growth and Opportunity Act | AGOA builds on and significantly enhances the trade preferences under the US Generalised System of Preferences (GSP). Along with the GSP, it provides qualifying Sub-Saharan African beneficiary countries, including Nigeria, with non-reciprocal duty-free access to the US market for approximately 6,500 products, including for some categories considered to be ‘sensitive’. |
| Commonwealth Tax Relief | In Section 44 of the Companies Income Tax Act, Nigeria provides a tax relief for profits earned in Commonwealth countries that are also liable to tax in Nigeria. Nigerian companies shall be subject to the Commonwealth tax rate, subject to a cap of half of the Nigerian tax rate. |
| ECOWAS Trade Liberalisation Scheme | The abolition of:  
- customs duties levied on imports and exports of goods produced and moving among member states  
- non-tariff barriers among member states to facilitate the free movement of goods and services across member states. |

#### Nigeria has implemented several checks and safeguards to ensure the protection of local and foreign-owned enterprises.

<table>
<thead>
<tr>
<th>Some of the checks and safeguards are highlighted below:</th>
<th></th>
</tr>
</thead>
</table>
| **Rules of foreign ownership** | General rules and regulations pursuant to the investments and securities act, 2007 sets out:  
- the regulation of foreign investments and cross-border securities transactions (in part I).  
| **Protections against expropriation by government of an enterprise** | Nigerian Investment Promotion Commission Act, Chapter 117 (Decree No 16 of 1995), Part V No 25 guards against:  
- nationalisation of an enterprise by the government and the compulsory dispossession of an investor of his/her interest in the capital of an enterprise  
- acquisition of an enterprise by the government unless such an acquisition is in the best interest of the public.  
| **New York Convention Membership** | Arbitration and Conciliation Act, Chapter 19 of the Laws of the Federation of Nigeria, provides:  
- a unified legal framework for the fair and efficient settlement of commercial disputes by arbitration and conciliation  
- it also makes applicable the Convention on the Recognition and Enforcement of Arbitral Awards.  
| **Ability to remit profit and take loans** | Nigerian Investment Promotion Commission Act, Chapter 117 (Decree No 16 of 1995), Part V No 24 guarantees:  
- the unconditional transferability of funds through an authorised dealer, in any convertible currency, to a foreign investor in a registered enterprise  
- that, when an investor has obtained a foreign loan, he or she can transfer proceeds should they decide to relocate elsewhere.  
| **Bilateral Investment Treaties** |  
- Nigeria has bilateral investment agreements with 31 countries, 15 of which are in force. The country also has Double Tax Treaties with 13 countries and is a signatory to 21 investment-related instruments. |

#### Other Information

Nigeria has adopted one of the most liberal regimes in Africa for the entry of foreign investors, virtually opening all its economy to FDI.  
100% foreign ownership permitted in most sectors except for short negative list where foreign ownership is not permitted (drugs, arms, military uniforms, legal services). Petroleum sector must be JVs or have a government production-sharing arrangement.

---

**Read More at:**
2. ECOWAS Trade Liberalisation Scheme ←https://www.etls.ecowas.int/  
5. EU’s Generalised Scheme of Preferences ←https://trade.ec.europa.eu/tradehelp/standard-gsp

---

**Source:** AGOA’s “Country info”, African Union, Companies Income Tax Act, ECOWAS and European Commission Trade Helpdesk

---

**Read More:**
1. General rules and regulations pursuant to the investments and securities act, 2007 ←http://africaninvest.org/africa-investment-summit/  

---

**Read More:**
2. Arbitration and Conciliation Act, Chapter 19 of the Laws of the Federation of Nigeria  
3. Nigerian Investment Promotion Commission Act, Chapter 117 (Decree No 16 of 1995), Part V  

---

**Read More:**
1. General rules and regulations pursuant to the investments and securities act, 2007 ←http://africaninvest.org/africa-investment-summit/  

---

**Read More:**
2. Arbitration and Conciliation Act, Chapter 19 of the Laws of the Federation of Nigeria  
3. Nigerian Investment Promotion Commission Act, Chapter 117 (Decree No 16 of 1995), Part V  

---

**Read More:**  
1. General rules and regulations pursuant to the investments and securities act, 2007 ←http://africaninvest.org/africa-investment-summit/  
Costs and skills
All the costs of doing business – energy, property, water, telecommunications & data, transportation and personnel and the skills of the Nigerian workforce

Energy costs

Electricity provided by Nigeria’s distribution companies is currently cheaper than that from off-grid renewable and self-generated sources.

Eligible customer regulation
- Eligible customers can buy power directly from generating companies at an agreed rate under a signed power purchase agreement (PPA), which guarantees supply 24/7
- The regulation defines an eligible customer as a customer or group of customers consuming 2MWh or more of energy for a period of one month.

Electricity Tariff
- Nigeria’s power problems are an opportunity for off-grid energy investors and other suppliers e.g. smart meters
- For many investors they represent a challenge (which a renewed reform push may address) which is tackled by using off-grid, direct supply (see eligible customer regulation, above) or industrial parks.

Definitions (see table)
- Commercial: consumers using their premises for any purpose other than exclusively as a residence or as a factory for manufacturing goods
- Industrial: consumers using premises for goods-manufacturing processes including welding and ironmongery
- A special range of customers: such as agriculture and agro-allied industries, water boards, religious houses, government and teaching hospitals, government research institutes and educational establishments.

Energy costs

Nigeria has a daily national average electricity supply of between eight and ten hours. Several major hubs receive up to 18 – 24 hours, however, including Lagos (Magodo, Ahmadyya) and Rivers (Bonnny Island). The occupants of these areas pay cost-reflective tariffs to their distribution companies.

Feed In Tariff for renewable energy sources

<table>
<thead>
<tr>
<th>Source</th>
<th>(US$/kWh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar</td>
<td>$0.18</td>
</tr>
<tr>
<td>Wind</td>
<td>$0.125</td>
</tr>
<tr>
<td>Hydro</td>
<td>$0.15</td>
</tr>
<tr>
<td>Biomass</td>
<td>$0.15</td>
</tr>
</tbody>
</table>

Source: NERC, Advisory Power Team, KPMG Analysis

Self generation of electricity

$0.20–$0.22
Generation Cost (kWh)

Electricity Tariff (US$/kWh) – 2020

<table>
<thead>
<tr>
<th>Commercial</th>
<th>Industrial</th>
<th>Special</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.09</td>
<td>0.11</td>
<td>0.11</td>
</tr>
<tr>
<td>0.09</td>
<td>0.12</td>
<td>0.12</td>
</tr>
<tr>
<td>0.09</td>
<td>0.13</td>
<td>0.13</td>
</tr>
</tbody>
</table>

Source: NERC, Advisory Power Team, KPMG Analysis

Power generating assets across Nigeria

Power Plant installed capacity
- Distribution companies
  - 200–500 MW
  - > 500 MW
Property costs

Generally, construction costs are similar across cities whereas rental and acquisition rates are lower in tier-2 cities.

**Construction cost (2015, m²)**

<table>
<thead>
<tr>
<th>Location</th>
<th>Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>National average</td>
<td>$4,109</td>
</tr>
<tr>
<td>Lagos</td>
<td>$4,285</td>
</tr>
<tr>
<td>Abuja</td>
<td>$4,087</td>
</tr>
<tr>
<td>Other cities</td>
<td>$3,942</td>
</tr>
</tbody>
</table>

*Range of permit fees, cost depends on country of origin of expat*

**Industrial property monthly rental rates, Lagos (per m²)**

<table>
<thead>
<tr>
<th>Location</th>
<th>Rate ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ilupeju</td>
<td>$0.37</td>
</tr>
<tr>
<td>Ikeja/Oshodi</td>
<td>$0.31</td>
</tr>
<tr>
<td>Abule Egba/Ikorodu</td>
<td>$0.15</td>
</tr>
</tbody>
</table>

Source: Tradeeconomics, mykeylinks, Estate Intel, Propertypro Nigeria, Globalproperty guide, Cluttons

Exchange rate 3 = ₦350, Pot. 648m²

Land acquisition in Nigeria: key insights

Land in Nigeria is vested with the country’s 36 State governments. Individuals can only acquire the rights to use land for a maximum of 99 years.

**Land ownership**

- The Land Use Act of 1978 converted all land to State Land. Nigerians and foreigners can obtain leases from a State for a maximum of 99 years for the use of land.
- State Governors are responsible for the management of this land on behalf of the people. Land can therefore not be owned privately. The Governor’s consent is needed for the assignment of title to use, occupy and improve property with a statutory certificate.

**Assignment and transfer of title**

- Sale of real estate does not involve actual selling and purchasing. There is only the transfer of rights from one person to another. The seller assigns the rights to use and occupy the land to the buyer.
- After the transaction, the buyer applies for a new certificate under his or her name.

**Consent fee**

- One peculiarity about buying property in Nigeria, particularly in Lagos, is the Consent Fee that means no land can be “sold” without the Governor’s consent.
- The logic is that the State government is the owner of the land, meaning that any change in ownership or assignment, in the case of a lease, should have the consent of the Governor.

**Capital gains tax (CGT)**

- CGT is levied at 10% of the difference between the sale price and the original acquisition price. This is assessed by the Ministry of Finance but is rarely enforced.

**Confirmation of title**

- The buyer’s lawyer checks the title and other documents presented by the seller/assigner before continuing with the transaction.
- Several restrictions and conditions come with a title, meaning buyers must ensure they are aware of them all.

**Expropriation risk**

- Purchasing property in Nigeria is not without risks. The Land Use Act of 1978 allows the government to take over land under the State’s right to eminent domain (that is, the right to take private property and convert it into public use).
- The compensation scheme covers only “unexhausted improvements” to the land but not the land itself. The value is also fixed to a government rate which was set in the year the law was created.
Land acquisition in Nigeria: requirements and costs

The acquisition cost of land titles remains relatively low at an average of around 15% of the fair market value plus fees of US$400 or less.

The list of processes, documents and fees required to acquire land are presented below:

<table>
<thead>
<tr>
<th>S/n</th>
<th>Service name</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Inspection</td>
<td>N/A</td>
</tr>
<tr>
<td>2.</td>
<td>Conduct a search</td>
<td>₦3,750 ($10.42)</td>
</tr>
<tr>
<td>3.</td>
<td>Execute the deed of assignment/conveyance</td>
<td>N/A</td>
</tr>
<tr>
<td>4.</td>
<td>Certified true copy of title document and survey plan</td>
<td>₦7,500 ($20.83)</td>
</tr>
<tr>
<td>5.</td>
<td>Payment of charting fee, endorsement fee and form 1c</td>
<td>₦20,500 ($56.94)*</td>
</tr>
<tr>
<td>6.</td>
<td>Processing of government consent</td>
<td>8% of fair market value (FMV)</td>
</tr>
<tr>
<td>7.</td>
<td>Notice and payment of stamp duty, registration fees, consent fees and neighbourhood improvement charge</td>
<td>5% of FMV plus ₦100,000 ($277.78) fee</td>
</tr>
<tr>
<td>8.</td>
<td>Obtaining title from the land services department and stamping of deed of assignment</td>
<td>2% of FMV</td>
</tr>
<tr>
<td>9.</td>
<td>Registration of deed and title conferred</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Requires a valid tax clearance which may cost ₦60,000 – ₦120,000 ($166.67 – $333.33 if not available)

Average land acquisition rate (per m²)

<table>
<thead>
<tr>
<th>Region</th>
<th>Lagos</th>
<th>Abuja</th>
<th>Ibadan</th>
<th>Mowe</th>
<th>Ogun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>180.9</td>
<td>529.4</td>
<td>126.2</td>
<td>9.8</td>
<td>488.9</td>
</tr>
</tbody>
</table>

Average land lease rate (per m²)

<table>
<thead>
<tr>
<th>Region</th>
<th>Lagos</th>
<th>Abuja</th>
<th>Ibadan</th>
<th>Mowe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate</td>
<td>150</td>
<td>144</td>
<td>120</td>
<td>63</td>
</tr>
</tbody>
</table>

*Includes: Kuje, Abakpa, Lube and Wuse II

Land: special economic zones and industrial parks

There are more than 30 free trade zones in Nigeria, with 17 operational ones aimed at diversifying exports and achieving economic growth.

Active free zones

1. Lagos State
   - Airline Services EPZ
   - Dangote Industries Free Zone
   - LADOL Free Zone
   - Lagos Free Trade Zone (805 ha)
   - Lekki Free Zone (3,000 ha)
   - Nigeria Aviation Handling Company
   - Nigeria International Commerce City (Eko Atlantic) (2,500 ha)
   - Snake Island Integrated Free Zone (250 ha)
   - Tomaro Industrial Park

2. Ogun State
   - Ologolo Free Trade Zone
   - Specialised Railway Industrial FTZ

3. Jigawa State
   - Makaranta Border Free Trade Zone (6,500 ha)

4. Kano State
   - Kano Free Trade Zone (262 ha)

5. Adamawa State
   - Sebore Farms EPZ (14,000 ha)

6. Abuja
   - Centenary City (1,262 ha)
   - Abuja Tech. Village Free Zone (700 ha)

7. Cross River State
   - Calabar Free Trade Zone (152 ha)

8. Akwa Ibom State
   - ALSCON EPZ (1081 ha)

Inactive free zones

1. Lagos State
   - Badagry Creek Integrated Park
   - Ogogoro Industrial Park

2. Ogun State
   - Ogun Guandong Free Trade Zone (10,000 ha)

8. Akwa Ibom State
   - Ibom Science & Tech FZ
   - Ibom Industrial Free Zone

9. Oyo State
   - Oluyole Free Trade Zone

10. Kwara State
    - Kwara Free Zone (355 ha)

11. Osun State
    - Living Spring Free Zone

12. Borno State
    - Banki Border Free Zone

13. Delta State
    - Koko Free Trade Zone
    - Ogindigbe Gas Revolution Industrial Park

14. Ondo State
    - Ologolo Free Trade Zone
    - Ondo Industrial City

15. Imo State
    - Imo Guangdong FTZ

16. Bayelsa State
    - Brass LNG Free Zone

17. Enugu State
    - Enugu Industrial Park

Source: Propertypro Nigeria, Global property guide, Lagos state land bureau, KPMG research, Exchange rate: $ = ₦360, Plot: 648m²

Source: https://nepza.gov.ng

26 Nigeria Investment Guide
27 Nigeria Investment Guide
Water costs

The water sector in Nigeria includes public and private-sector players, with the public sector controlling dams, springs, and rivers.

Access
- Different users access water from different sources. Some bottled water companies access water through natural springs like the Ilorin warm spring. Some beverage companies use dams to access water while some other manufacturing companies use private channels.

- The most important requirement for accessing water through public bodies is holding a Water Use Licence from the Nigeria Integrated Water Resources Management Commission. This is available through the Federal Ministry of Water Resources and/or the river basin authority.

- In 2019, two companies – Nestlé Nigeria Plc and Winners Power Garden – were granted Water Use Licences, enabling them officially to extract water resources for their operations.

Alternative Water Channel
- Industries can access piped water systems either by borehole or tanks.
- The cost of constructing an industrial standard borehole is in the range of ₦7 million – ₦8 million (US$23,000 – US$26,000) – Lekki Axis.

- 20 litre jerricans –
  - South: US$2 – US$4
  - North: US$6 – US$8

Potable water Supply Tariffs by State Water Boards1

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>State/Water Board</th>
<th>Tariff (₦ per m³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Lagos</td>
<td>₦0.55</td>
</tr>
<tr>
<td>2.</td>
<td>Enugu</td>
<td>₦0.42</td>
</tr>
<tr>
<td>3.</td>
<td>Kano</td>
<td>₦0.37</td>
</tr>
<tr>
<td>4.</td>
<td>Kaduna</td>
<td>₦0.20</td>
</tr>
<tr>
<td>5.</td>
<td>Oyo</td>
<td>₦0.18</td>
</tr>
<tr>
<td>6.</td>
<td>Katsina</td>
<td>₦0.14</td>
</tr>
<tr>
<td>7.</td>
<td>Ekiti</td>
<td>₦0.14</td>
</tr>
</tbody>
</table>

Source: 1 IBNET Tariff Database Bank, 2 World Bank

Telecommunications (data) costs

Telecommunications in Nigeria continue to evolve with rapid technological advancements and increasing broadband penetration.

Key drivers for Nigerian broadband demand include:
- Growing momentum for the fifth generation of wireless technology. Industry players are investing heavily in upgrading and boosting their network capacity to cope with the arrival of 5G. South African company MTN Group commenced its 5G network trial in Nigeria in November 2019.
- The competitive nature of the Nigerian market, making collaboration a key source of competitive advantage. Pricing, quality of service and content are expected to be key drivers for broadband demand.
- Accelerating digital literacy, leading to increased smartphone penetration, is expected to drive the uptake of digital and telecoms services.

The table below provides insight on pricing at the retail and enterprise market segments:

<table>
<thead>
<tr>
<th>Promotional package</th>
<th>Cap</th>
<th>Speed</th>
<th>Monthly Amount</th>
<th>Setup costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MTNFTTx</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise FTx (Dual Play)</td>
<td>40GB</td>
<td>20Mbps</td>
<td>₦10,500 ($28)</td>
<td>Setup fee of ₦10,000 ($28) apply</td>
</tr>
<tr>
<td></td>
<td>200GB</td>
<td>25Mbps</td>
<td>₦21,250 ($57)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>670GB</td>
<td>50Mbps</td>
<td>₦42,750 ($118)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>27B</td>
<td>50Mbps</td>
<td>₦53,750 ($143)</td>
<td></td>
</tr>
<tr>
<td>Residential FTx (Dual Play)</td>
<td>120GB</td>
<td>8Mbps</td>
<td>₦13,600 ($38)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1130GB</td>
<td>5Mbps</td>
<td>₦22,575 ($63)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1500GB</td>
<td>5Mbps</td>
<td>₦35,700 ($99)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iPhnx</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise P/IX</td>
<td>40GB</td>
<td>20Mbps</td>
<td>₦10,500 ($28)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>200GB</td>
<td>25Mbps</td>
<td>₦21,250 ($57)</td>
<td></td>
</tr>
<tr>
<td>Residential P/IX (Dual Play)</td>
<td>120GB</td>
<td>8Mbps</td>
<td>₦13,600 ($38)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1130GB</td>
<td>5Mbps</td>
<td>₦22,575 ($63)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1500GB</td>
<td>5Mbps</td>
<td>₦35,700 ($99)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Legend</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enterprise P/IX</td>
<td>40GB</td>
<td>20Mbps</td>
<td>₦10,500 ($28)</td>
<td></td>
</tr>
<tr>
<td>Residential P/IX (Dual Play)</td>
<td>120GB</td>
<td>8Mbps</td>
<td>₦13,600 ($38)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15GB</td>
<td>NA</td>
<td>₦4,000 ($11)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>40GB</td>
<td>NA</td>
<td>₦12,000 ($33)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>100GB</td>
<td>8Mbps</td>
<td>₦18,000 ($50)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>300GB</td>
<td>NA</td>
<td>₦50,000 ($138)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Publicly available data, Operator Websites, NCC, Ovum’s Nigeria Telecoms and Media Outlook: 2017-22, GSMA

Key Industry Statistics

- Total active voice subscriptions: 180.3m (October 2019)
- Total active 3G-4G subscriptions: 72.3m (October 2019)
- Smartphone adoption (2018): 53m smartphone connections
- Teledensity: 94.5% (October 2019)
- Broadband Penetration: 37.9% (October 2019)
- Smartphone adoption rate (2018): 36%

1 Translation at 360/$US1

2- Translating at 360/$US1

Water Utility Services Companies in Nigeria

Many of these companies are in the water treatment/ engineering solutions space i.e. borehole drilling, treatment plant, etc.

Braithwaite Water Resources

Eauxwell

Watersol Systems Limited

Astral Waters

Devtek

Pricing (private suppliers)²
- North: US$6 – US$8 (₦2,000 – ₦2,500) per m³
- South: US$2 – US$4 (₦700 – ₦1,500) per m³

20 litre jerricans – ₦25 – 50 (US$0.07 – 0.15).
Nigeria currently has six ports, with Apapa recording the largest annual cargo traffic.

### Road
- 200,000km National road network (2017)
- 18% Proportion of paved roads (2014)
- 90% Road network accounts for 90% of all internal and cross border freights and passenger movements (2014)
- 2nd largest road network in Africa (2017)
- 222 Number of vehicles per km (Lagos)

### Port
- 853km Length of coastlines (2014)
- 6 Number of ports in Nigeria – Apapa, Onne, Port Harcourt, Delta, Calabar and Tin Can
- 72 million metric tons Cargo throughput (2017)
- 18.9 million tons Estimated number of cargo handled by the Apapa Port (2017)
- 12 Number of major inland rivers (2014)

### Air
- 5 International hubs (Lagos, Abuja, Kano, Enugu and Port Harcourt)
- 20 domestic airports owned and operated by FAAN
- 5 Number of heliports (2013)
- 16.49m kg Cargo traffic (2018)

---

**Key developments in the transportation sector**

**Road**
- Construction of the Second Niger bridge is ongoing, along with dozens of other road projects.

**Air**
- The government is remodelling the five major international airports (Lagos, Enugu, Abuja, Kano and Port Harcourt).

**Rail**
- West Africa’s first light rail transit was recently launched in Abuja. Several new rail lines are under construction, including the 1,402km Lagos to Calabar line and those linking Abuja-Nyanya-Kubuwa, and Lagos with Ibadan.

**Ports**
- Construction of Nigeria’s first deep sea port is underway in Lekki Free Trade Zone, to meet growing demand for modern container and port infrastructure that caters for modern vessels.

---

**Nigeria has direct flights to more than 20 countries, including the USA, the UK and Germany.**

- **Angola** Via TAAG Angola Airlines
- **Cape Verde** Via Cabo Verde Air Airlines
- **Cote d’Ivoire** Via Air Cote d’Ivoire
- **Egypt** Via EgyptAir
- **Ethiopia** Via Ethiopian Airlines
- **France** Via Air France Egypt and Via EgyptAir
- **Gambia** Via Air Peace
- **Germany** Via Lufthansa Air
- **Ghana** Via Africa World Airlines
- **Italy** Via Air Italy
- **Kenya** Via Kenyan Airways
- **Lebanon** Via MEA Airlines
- **Morocco** Via Royal Air Maroc
- **Netherlands** Via KLM Royal Dutch Airlines
- **Rwanda** Via RwandAir
- **Senegal** Via Air Peace Sierra Leone and Via Air Peace
- **Sierra Leone** Via Air Peace
- **South Africa** Via South African Airways
- **Togo** Via ASKY Airlines
- **Turkey** Via Turkish Airlines
- **United Arab Emirates** Via Emirates Airlines, Etihad Airways and Air Peace
- **United Kingdom** Via British Airways and Virgin Atlantic
- **United States** Via Delta Airlines

---

**Source:**
1. African Development Bank, 2. NBS, 3. CIA-World Factbook

---

**Transportation: an overview**

---
The costs of transporting commodities

The costs of transportation into and out of Nigeria is primarily influenced by the value of the goods, the mode of transport and the delivery time.

Transportation costs

Cost of commodity transportation by 20ft & 40ft freight trucks from major agricultural commodity producing cities to Lagos

<table>
<thead>
<tr>
<th>Mode</th>
<th>Price Range (₦)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air</td>
<td>Lagos</td>
</tr>
<tr>
<td></td>
<td>Nigeria</td>
</tr>
<tr>
<td></td>
<td>Source: NEMIS, NUC</td>
</tr>
<tr>
<td></td>
<td>Source: UNESCO, Nigeria Education Management Information System (NEMIS), NUC</td>
</tr>
</tbody>
</table>

International shipment

Freight rate estimate for machinery of $80,000 and 250kg

<table>
<thead>
<tr>
<th>Mode</th>
<th>Price Range (₦)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air</td>
<td>Lagos</td>
</tr>
<tr>
<td></td>
<td>Nigeria</td>
</tr>
<tr>
<td></td>
<td>Source: NEMIS, NUC</td>
</tr>
<tr>
<td></td>
<td>Source: UNESCO, Nigeria Education Management Information System (NEMIS), NUC</td>
</tr>
</tbody>
</table>

Entry level remuneration in select industries

<table>
<thead>
<tr>
<th>Level</th>
<th>Role</th>
<th>Basic monthly pay (₦)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entry</td>
<td>Banking</td>
<td>850</td>
</tr>
<tr>
<td>Entry</td>
<td>Oil &amp; Gas</td>
<td>1,520</td>
</tr>
<tr>
<td>Entry</td>
<td>Civil Engineering</td>
<td>415</td>
</tr>
<tr>
<td>Entry</td>
<td>Professional Services</td>
<td>415</td>
</tr>
<tr>
<td>Entry</td>
<td>Telecommunications</td>
<td>403</td>
</tr>
</tbody>
</table>

Some stipulations in the Labour Act being highlighted include:

- **Scope**
  - The Act does not cover persons exercising administrative, executive, technical or professional functions as public officers or otherwise.
  - The Act does not cover persons exercising administrative, executive, technical or professional functions as public officers or otherwise.

- **Maternity leave**
  - This Act allows leave for 12 weeks, with at least 50% pay. However, the current trend is for 16 weeks at full pay.

- **Paternity leave**
  - This Act allows leave for 5 weeks.
  - This Act allows leave for 5 weeks.

- **Severance pay**
  - The Act refers to severance pay as one week payment in lieu of notice, provided the employer meets the notice period.

- **Unfair dismissal**
  - Employers are not allowed to dismiss an employee without proper cause.

- **Child labour**
  - The Act allows for a minimum age of 16 years for children to work underground.

- **Unemployment**
  - The Act allows for a minimum age of 16 years for children to work underground.

Personnel (workforce) skills

The Nigerian labour force is becoming more skilled, with literacy rates of around 71% among males and 53% among females.

Literacy rate (>15 years)

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>71%</td>
<td>57%</td>
</tr>
<tr>
<td>2015</td>
<td>71%</td>
<td>57%</td>
</tr>
<tr>
<td>2016</td>
<td>71%</td>
<td>57%</td>
</tr>
</tbody>
</table>

Age significance according to Nigerian labour law:

- 15 – Minimum age for employment in industrial undertakings.
- 16 – Minimum age to be employed to work underground.
- 18 – Minimum age for hazardous work.

Graduate output by institution (2015)

<table>
<thead>
<tr>
<th>University</th>
<th>Engineering</th>
<th>Agriculture</th>
<th>Sciences</th>
<th>Business Management</th>
<th>Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unilag</td>
<td>28,974</td>
<td>100,286</td>
<td>6,286</td>
<td>30,110</td>
<td>1,198</td>
</tr>
<tr>
<td>UNN</td>
<td>21,982</td>
<td>6,086</td>
<td>1,986</td>
<td>8,098</td>
<td>3,508</td>
</tr>
<tr>
<td>UI</td>
<td>12,892</td>
<td>4,382</td>
<td>1,286</td>
<td>5,110</td>
<td>2,188</td>
</tr>
</tbody>
</table>

Source: UNESCO, Nigeria Education Management Information System (NEMIS), NUC
Establishing a business in Nigeria

The business structures, processes and requirements you need to know about

5

Applicable vehicles/business structures

Private companies limited by shares are the most common form of business organisation adopted by foreign investors in Nigeria.

Business can be carried out in Nigeria through any of the following vehicles:

- **Sole proprietorship**
  - The sole proprietorship form of business is typically used by individuals intending to do business on their own account.
  - The major statutory requirement is the registration of a business name, where a name other than the sole proprietor’s actual name is used as the trading name.

- **Partnership**
  - In a general partnership partners are joint owners of the partnership property and are personally liable for the firm’s obligations.
  - In a limited partnership, there must be at least one general partner who will have unlimited liability with respect to all the debts and obligations of the firm.
  - In a limited liability partnership, all the partners are legally capable of limiting their liability in the event of the partnership being wound up.
  - Non-resident foreigners may not be able to use a partnership as a vehicle for running a business in Nigeria.

- **Incorporated companies**
  - The word ‘company’ is used to describe an entity incorporated with limited or unlimited liability and registered under CAMA.
  - Subject to certain exceptions, CAMA provides that no foreign company shall carry out business in Nigeria unless it is incorporated in Nigeria as a separate entity.
  - Foreign companies have a choice to set up wholly-owned or partially-owned subsidiaries or affiliates in Nigeria.
  - The most common type of company is a company limited by shares. A limited liability company may be either privately or publicly owned. A private company must have a minimum of two and a maximum of 50 members.

Source: KPMG’s Investment in Nigeria publication, May 2019 edition

1 Companies and Allied Matters Act.
The Corporate Affairs Commission (CAC) has made the business registration process straightforward, with completion time of less than 24 hours.

The business incorporation process
Businesses can be registered online via the CAC Company Registration Portal. Through this site, investors – or their agents – can conduct name searches, complete the required forms, submit all relevant incorporation documents and pay associated fees.

Investors may also visit the CAC office or the One-Stop Investment Centre (OSIC) of the Nigerian Investment Promotion Commission (NIPC, see page 54) to complete or submit paper applications.

The online registration process is as follows:
• Create an account on the CAC portal (https://services.cac.gov.ng/). This can only be created by one of the company’s directors/shareholders or an accredited agent (a lawyer, chartered accountant or chartered secretary)
• Conduct a name search and reserve a name
• Complete the registration form, providing details of the directors, shareholders and nature of the business
• Pay CAC filing fees and stamp duty (the stamp will be electronically affixed once payment is made)
• Download completed online form and Memorandum and Articles of Association. Append signatures accordingly
• Upload scanned documents for processing
• Present original copies of uploaded documents and collect certificate of incorporation/registration from the preferred location
• Once the certificate of incorporation is ready, a Tax Identification Number (TIN) will be generated by the Federal Inland Revenue Service and sent to registrant’s email.

Highlights of requirements
The documents required to be filed with the CAC include the following:
- Articles of Association
- Statement of Share Capital
- Declaration of Compliance with CAMA
- Notice of Situation of the Registered Office of the Company
- Memorandum of Association
- Return of Allotment of Shares
- Particulars of First Directors
- Articles of Association
- Memorandum of Association
- Return of Allotment of Shares
- Statement of Share Capital
- Declaration of Compliance with CAMA
- Notice of Situation of the Registered Office of the Company
- Memorandum of Association
- Return of Allotment of Shares
- Particulars of First Directors

The visa application process is quite clear and can be completed electronically in the applicant’s country of residence.

Eligibility criteria for subject to regularisation (STR) visa
• Expatriate employees of companies and their dependants
• Expatriate technical officials of Missions
• Foreign students
• Missionaries / Clerics and their dependants
• Research fellows
• Expatriate staff of Non Governmental Organisations (NGOs) and their dependants
• Expatriate staff of International Non Governmental Organisations (INGOs) and their dependants
• Government Officials (GOs) and their dependants
• Expatriates employed by companies operating in Free Trade Zones (FTZ) and their dependants.

Requirements for visa
• Formal application for STR Visa from the Employer / Institution accepting Immigration Responsibility
• Valid passport with a minimum of 6 months validity and at least 2 blank pages for visa endorsement
• 2 passport sized photographs (35x40mm) taken within the last 6 months on white background
• Duly completed Visa Form IMMD2
• Expatriate Quota Approval
• Evidence of financial support
• Letters of Offer of Appointment and Acceptance of Offer
• Educational qualifications and Curriculum Vitae
• Extract of Board Resolution.

How to apply
• Apply online and complete the online visa application form (https://portal.immigration.gov.ng/visa/freshvisa) IMMD2 and print two (2) copies of the completed form
• Make online payment and print your payment receipt
• Affix 2 passport sized photographs to completed Visa Form IMMD2, along with the other requirements and submit via Post to the Embassy/High Commission/Consulate of Nigeria where applicant is resident, or in person at designated Visa Application Centre (where applicable) or, in person at the Embassy/High Commission/Consulate of Nigeria where applicant is resident.

Note
• Application for STR Visa should be made in Country of Residence.
• Foreigners can also apply for transit visa, tourist visa, business visa, temporary work permit and diplomatic visa. Follow this link for further information on these https://immigration.gov.ng/visas/

Eligibility criteria for expatriate residence permits
• Expatriate employees of companies and their dependants
• Expatriate technical officials of Missions
• Foreign students
• Missionaries / Clerics and their dependants
• Research fellows
• Expatriate staff of Non Governmental Organisations (NGOs) and their dependants
• Expatriate staff of International Non Governmental Organisations (INGOs) and their dependants
• Government Officials (GOs) and their dependants
• Expatriates employed by companies operating in Free Trade Zones (FTZ) and their dependants.

How to apply
• Apply online and complete the online visa application form (https://portal.immigration.gov.ng/visa/freshvisa) IMMD2 and print two (2) copies of the completed form
• Make online payment and print your payment receipt
• Affix 2 passport sized photographs to completed Visa Form IMMD2, along with the other requirements and submit via Post to the Embassy/High Commission/Consulate of Nigeria where applicant is resident, or in person at designated Visa Application Centre (where applicable) or, in person at the Embassy/High Commission/Consulate of Nigeria where applicant is resident.

Living in Nigeria

36 Nigeria Investment Guide
37 Africa Investment Summit
Requirements for resident permit
• Letter of Application for Regularisation of Stay and acceptance of Immigration Responsibilities by the employer / School / Embassies / High Commission / International Organisations / INGOs / NGOs / MDAs (for Government Officials)
• Passport bio-data page of the expatriate
• Copy of the visa page and arrival endorsement page
• Form IMM22 (Visa Application Form)
• 2 recent passport photographs
• Expatriate’s valid National Passport
• Evidence of purchase of CERPAC Form (bank teller).

Further requirements for expatriate employees
• Letter of offer of employment
• Letter of acceptance of employment
• Vetted Academic Credentials / Qualifications and Curriculum Vitae
• Copy of valid Quota Approval
• Certificate of Incorporation
• Marriage Certificate (where applicable)
• Board of Directors Resolution (for appointment of CEOs and Managing Directors)
• Business permit of the company.

Other information

How to apply
• Fresh applications will be submitted to the Office of the Comptroller General, Nigeria Immigration Service Headquarters Abuja or to the Office of the Comptroller of Immigration Service at the State Commands where the expatriate is resident accepting full Immigration Responsibilities.

Fees
• $1,000 per for all categories of expatriates.

Timeline
Five (5) working days from the date of receipt of application.

Living in Nigeria

Taxation and incentives
The different kinds of taxes and rates, and the incentives available by sector
The government has also implemented various incentives and initiatives to improve the attractiveness of the Nigerian investment landscape.

The Federal Government, through the Nigerian Investment Promotion Council (NIPC) and Federal Inland Revenue Service (FIRS), has developed the Compendium of Investment Incentives in Nigeria with the primary aim of providing and disseminating up-to-date information on the various incentives available to investors in Nigeria.

The Compendium is a compilation of the fiscal incentives in Nigerian laws and sector-wide fiscal concessions that have been duly approved by the Federal Government.

It contains six principal sections:
- Investment policies and protections
- General tax-based incentives
- Sector-specific incentives
- Tariff-based incentives
- Export incentives
- Special Economic Zone.

Source: Nigerian Investment Promotion Commission (NIPC) and Federal Inland Revenue Service 2017

### Tax administration

Tax administration is vested in the three tiers of government, with the Federal government solely administering CIT and VAT.

#### Personal Income Tax

Personal income taxes are imposed on income of individuals, corporate sole or body of individuals.

Incentives
- Tax credit on income payable by resident who derives income from a source outside Nigeria but repatriated through government-approved channels
- Consolidated relief allowance of N200,000, subject to a minimum tax of 1% of gross income
- Non-ringing of returns by an individual whose only income is N200,000 or less.

#### Corporate Income Tax

Corporate income tax is payable on goods imported into or exported from Nigeria. Import duties apply on various goods at rates ranging between 5% and 35%.

Incentives
- Tax holiday
- Accelerated capital allowance
- Indefinite carry over of losses
- Exemption from minimum CIT
- Enhanced capital allowance
- Investment tax credit
- Incentives on goods or services rendered. VAT inputs such as VAT on goods purchased directly for resale are recoverable. New VAT rates of 7% are to take effect by 2020.

### Incentives and Initiatives

Other incentives
- Provision of loan guarantee for up to 75% of loan value
- Tax rebates and infrastructure subsidies
- 25% of income from convertible currencies exempted from tax
- Graduated royalty rates
- Export processing zones incentives
- ‘Pioneer’ status for new and existing taxpayers
- Export incentives for non-exporters
- Qualifying exports must fully repatriate proceeds within 360 days.

**Source:** Compendium of Investment Incentives in Nigeria

---

### Applicable Taxes and Incentives

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>10%</td>
<td>5%</td>
<td>5 – 35%</td>
<td>Progressive</td>
</tr>
</tbody>
</table>

#### Incentives

- **Pioneer status** (see below) for companies engaged in pioneer products. Tax relief granted for a period of three years.
- **Exemptions on:**
  - interest on domiciliary accounts of a foreign non-resident company
  - profits from companies whose supplies are inputs to products manufactured for export.

#### Nigeria has entered into tax treaties with several countries in order to avoid double taxation on income and capital gains.

**Source:** Compendium of Investment Incentives in Nigeria

### Other tax types include:

**Withoutholding Tax (WHT)** 10%
- Advance payment of income tax deducted at source on qualifying transactions.
- The rate of WHT on dividend, interest and royalty is reduced to 7.5% when paid to a corporate recipient in a treaty country.

**Tertiary Education Tax (TET)** 1%
- Levied on profits of tertiary education institutions at the following rates:
  - 10%
  - 1%
  - 85%

#### Nigeria has concluded double tax treaties with the following countries:

- Belgium
- China
- France
- Netherlands
- South Africa
- United Kingdom

**Source:** KPMG’s Investment in Nigeria publication, May 2019

---

### Taxable income and rates

<table>
<thead>
<tr>
<th>Annual taxable income (US$)</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $50,000</td>
<td>20%</td>
</tr>
<tr>
<td>Next $4,444</td>
<td>15%</td>
</tr>
<tr>
<td>Next $2,500</td>
<td>10%</td>
</tr>
<tr>
<td>Next $1,389</td>
<td>5%</td>
</tr>
<tr>
<td>First $833</td>
<td>2%</td>
</tr>
</tbody>
</table>

**Source:** KPMG’s Investment in Nigeria publication, May 2019

---

### Ethiopia, Tanzania, and Kenya

#### Other incentives
- Provision of loan guarantee for up to 75% of loan value
- Tax rebates and infrastructure subsidies
- 25% of income from convertible currencies exempted from tax
- Graduated royalty rates
- Export processing zones incentives
- ‘Pioneer’ status for new and existing taxpayers
- Export incentives for non-exporters
- Qualifying exports must fully repatriate proceeds within 360 days.

**Source:** Compendium of Investment Incentives in Nigeria

---

### Incentives

- **Incentives Agriculture Solid Minerals Manufacturing Tourism & Hospitality Oil & Gas Power**
  - **Exemption rates:**
    - 10%
    - 15%
    - 20%
    - 25%
    - 30%
    - 35%
    - 40%

**Source:** KPMG’s Investment in Nigeria publication, May 2019

---

### Conclusion

The government has implemented various initiatives and incentives to attract foreign direct investment into Nigeria. These initiatives cover a wide range of sectors, including agriculture, solid minerals, manufacturing, tourism, hospitality, oil & gas, and power. Each sector has its own set of incentives designed to attract specific types of investment.

**Source:** Compendium of Investment Incentives in Nigeria

---

### Further Reading

- Nigeria Investment Promotion Commission (NIPC) and Federal Inland Revenue Service 2017

---

### Additional Resources

- KPMG’s Investment in Nigeria publication, May 2019
The NIPC was established in 1995 to encourage, promote and co-ordinate investments in the Nigerian economy.

Its primary aims are:

1. **To project an attractive investment image**
   - Promote Nigeria as an attractive investment destination
   - Provide information on investment opportunities and capital sources.

2. **Investment promotion**
   - Promote investments in Nigeria, by Nigerians and non-Nigerians
   - Co-ordinate all investment promotion activities in Nigeria.

3. **Investment facilitation**
   - Provide support services to investors and register enterprises in Nigeria
   - Match-make investors with specific projects and advise on partners for joint ventures
   - Provide information on investment incentives and approve Pioneer Status Incentive applications.

4. **Policy advocacy**
   - Initiate and support measures that enhance the investment climate
   - Evaluate the impact of investments and incentives in Nigeria and make appropriate recommendations
   - Advise government on policy matters to promote Nigeria’s economic development.
The UK government provides multiple strands of support for UK companies looking to invest in these countries and the broader Africa region.

This includes, but is not limited to:

- Advice and guidance on market entry, including introductions to country government officials, advice on consultants, any joint venture partners, information on legislative and political risk issues, including managing corruption.
- Financing (debt and equity) including long-term patient capital from UK’s Development Finance entity – CDC and other development finance institutions.
- Overseas Investment Insurance.
- Training and linkage development with local input suppliers.
- A new UKAid programme, FDI Africa, that will offer transaction facilitation services in due course including for Nigerian investments.

For further information on the full suite of UK support available to your firm please contact:

Department for International Development
GrowthGateway@dfid.gov.uk

The DIT Africa Trade Services Unit (TSU)
DITAfrica@fco.gov.uk

Specific UK officials in Nigeria:

DIT:
Lami Adekola – lami.adekola@fco.gov.uk

DFID:
Manufacturing/agriprocessing
Grace Cramer – g-cramer@dfid.gov.uk

Agriculture:
Bola Karimu – b-karimu@dfid.gov.uk or Gail Warrander – g-warrander@dfid.gov.uk

Energy and Infrastructure:
Rob MacIver – r-macIver@dfid.gov.uk

General:
Gail Warrander – g-warrander@dfid.gov.uk

Innovation and Tech:
Leanne Jones – leanne.jones@dfid.gov.uk

Nigerian Investment Promotion Commission (NIPC)

Hours:
0900 – 1700

Email:
infodesk@nipc.gov.ng; osicinfodesk@nipc.gov.ng

Website:
www.nipc.gov.ng

https://www.theiguides.org/public-docs/guides/nigeria

https://www.facebook.com/nipcng

https://twitter.com/nipcng

https://www.instagram.com/nipc_ng/

Acknowledgements & Disclaimer
This material and the analysis contained herein (the Report) was prepared by KPMG Nigeria in collaboration with Coffey International Development (Coffey) for the Department for International Development (DFID) on behalf of the Nigerian Investment Promotion Commission (NIPC) (together the “Parties”). The analysis and opinions contained in the report are based on information provided by Industry professionals and from other primary and secondary sources. The Parties have not audited or verified the information and make no representation or warranty, express or implied, that such information is entirely accurate or complete. No legal, environmental, financial, operational or physical due diligence has been conducted concerning the subject companies. Forward looking statements and estimates contained herein are based on information described above and the Parties own judgement. These pieces of information should not be construed as definitive predictions or forecasts. This report does not propose to address all risks and challenges. The parties do not have any duty to update or supplement any information in the Report. No responsibility or liability whatsoever is accepted by any person including DFID, NIPC or its affiliates and their respective officers, employees or agents for any errors or omissions in this report save insofar as may be expressly agreed in writing. This report does not constitute an offer or solicitation to purchase or sell any securities or assets or a recommendation to purchase or sell any securities or assets. It is not financial advice. Each potential participant in the financing of any transaction concerning the subject company should make their own independent assessment of the investment. Due to US regulations, the information in this brochure is not aimed at, nor being made available to US companies or in the USA.
The production of this material is supported by LINKS, a 7 year programme funded by DFID to create jobs and increase incomes in Northern Nigeria. LINKS is implemented by Coffey a Tetra Tech company.