

Nigeria: Opportunities, Challenges, and Business Environment

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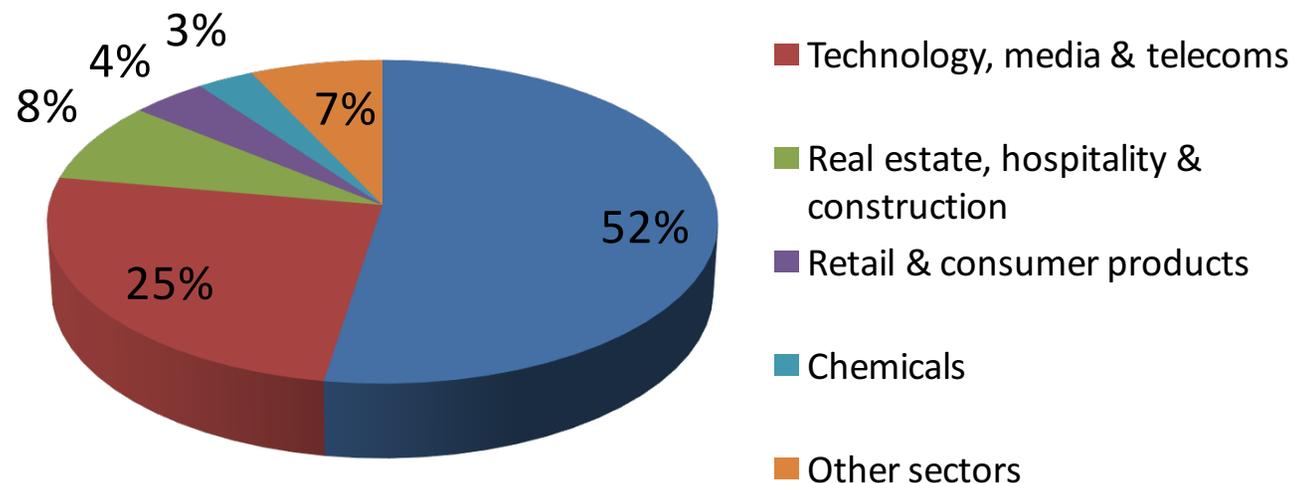
Governors State University

Investment Into Top Sectors (2007-2013) By Most Capital Invested (Total = \$55bn)

Most of the FDI Inflows are into Oil and Gas

Break-up of Inward FDI Stock by Sector

FDI Inflows: 2007-2013



- The United States, South Africa & United Kingdom are the top 3 investors into Nigeria
- Chinese investment stock totaled \$2.1 billion between 2005 and 2013
- There is a strong bias towards the oil sector
- Investors from South Africa, United Kingdom and India are leading the way in investing in other sectors especially telecoms, consumer products, retail and automotive

Source: fDi Markets

Country Overview

Opportunity and Risk Indicators

Opportunity Indicators		Risk Indicators	
GDP (Current) 2014	\$510bn	Ease of doing business overall rank out of 184 countries (17th in Africa)	131
Real GDP growth (compound average growth rate): 5-year forecast (2018)	5.38%	Transparency International Corruption Perceptions Index (0=highly corrupt, 100=very clean; ranked 38 th in Africa)	27
Real GDP growth (2016 forecast)	6.0	Strength of investor protection (0 = unfavorable, 10 = favorable; ranked 12 th in Africa)	5.7
GDP per capita (US\$): 5-year forecast (2018)	\$2,652	Logistics Performance Index: overall rank out of 155 countries (25 th in Africa)	121
Household consumption	45% of \$360bn in SSA	Democracy score (0 = lowest, 10 = highest)	4
Population growth (annual)	2.56	Mo Ibrahim Index of African Governance (rank out of 52 countries)	43
Population	171.3m	Perception of governance – rule of law: percentile rank (0 = lowest, 100 = highest)	25.82

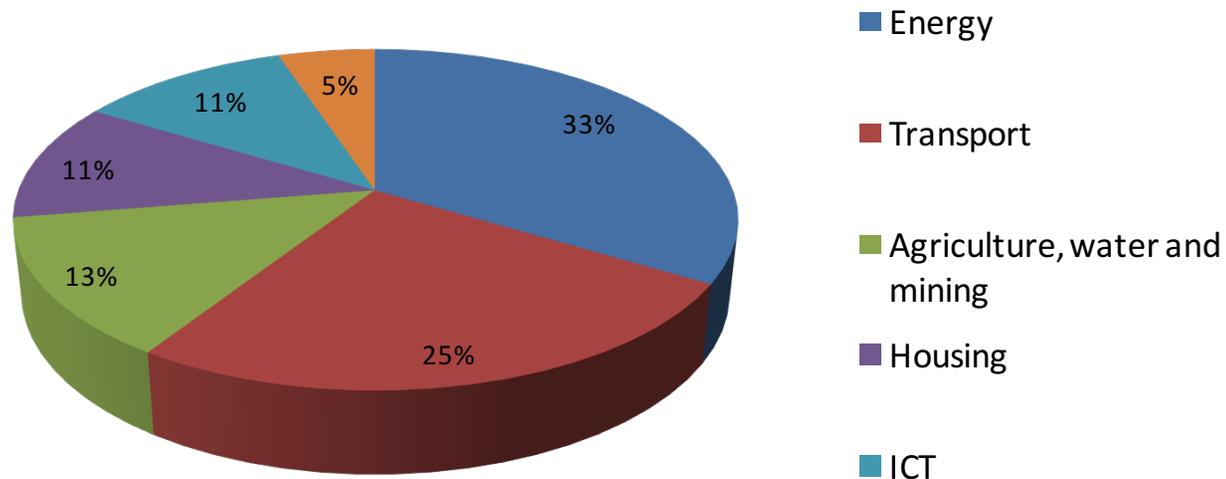
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Opportunity and Risk Indicators

Opportunity Indicators		Risk Indicators	
GDP (Current) 2014	\$510bn	Ease of doing business overall rank out of 184 countries (17 th in Africa)	131
Urban population (% of total)	49.62%	Perception of governance – regulatory quality: percentile rank (0 = lowest, 100 = highest)	20
Literacy Rate (total population %)	61.3%	Quality of overall infrastructure (1 = extremely underdeveloped, 7 = extensive & efficient by international standards)	3.2
Middle class (2014)	Multiplied 6 fold (2000-2014)	Corporate maximum tax rate	30%
Internet use per 100 inhabitants (2014)	42.68%	Corruption Perception out of 168 countries (35 th in Africa)	136
Mobile penetration (subscription per 100 inhabitants, 2014 access)	77.84%	Institutional profile	

Infrastructure Spending Plans – Next 30 Years

Infrastructure gaps to drive FDI inflows and PPP opportunities



Energy	\$1 trillion
Transport (road & rail)	\$775 billion
Agriculture, water & mining	\$400 billion
Housing & urban development	\$350 billion
ICT	\$325 billion
Social Infrastructure	\$150 billion
Vital Registration	\$50 billion

Upcoming and Ongoing Energy and Water Projects

Coal Fired	Gas Fired	Hydro Electric	Renewables
Kogi Power Station	Azura-Edo Power Project	Zungeru Hydro Electric Project	Delta Solar Power Plant
Enugu Coal Power Plant	Abia Power Plant	Mambilla Hydro Power Plant	NGP-Motir Seaspire Solar Power Plant
\$2.13bn	Egbin Power Project	Kainji and Jebba Hydro Power Plant	Kogi Solar Power Plant
	Lafarge-Wartsila Power Project	\$8.75bn	Abiba Solar Power Project
	Alaoiji Power Plant (Phase 1 & 2)		Katsina Wind Project
	Omosho Power Project		\$7.02bn
	Papalanto Power Project		
	\$2.13bn		

Water Projects
Kashimbilla Multipurpose Dam
Multipurpose Gurara Water Transfer Project
Nigeria Erosion & Watershed Management Project
Iro Multipurpose Dam Project
Ogwashi-Uku Dam Project
\$2.25bn

Other Projects: Oil & Gas Projects, Transmission Lines & Substations: \$47.09bn

Some Active Projects

Project Name	Capacity & Time Frame	Contractor(s) and Sponsor	Financing	Notes
Lagos Rail Mass Transit PPP)	<ul style="list-style-type: none"> Phase one: 27.5km Blue Line Completion expected by end of 2016 	<ul style="list-style-type: none"> The China Civil Engineering Construction Corp. Lagos State Government 		
Abuja-Kaduna Rail Modernization Project (PPP)	186km rail modernization In progress	<ul style="list-style-type: none"> China Exim Bank Federal Government of Nigeria 	<ul style="list-style-type: none"> China Exim Bank (\$500m) Federal Government of Nigeria (\$374m) 	Total cost \$874m
Azura Edo (Greenfield Project)	450 MW	<ul style="list-style-type: none"> Siemens Niger Delta Power Holding Company 	<ul style="list-style-type: none"> DFIs debt \$262.5m DFI mezzanine \$30m Commercial debt \$390m Development bank debt \$60m 	Total cost \$890m
Eko Atlantic Project	10 million square meters of reclaimed land protected by an 8.5km long sea wall	<ul style="list-style-type: none"> Lagos State Government 		

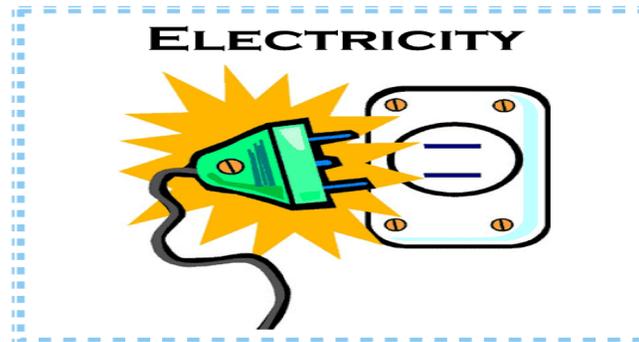
Key Takeaways

A detailed understanding of Nigeria is critical

Tariffs incentives have been implemented to increase for local assembly of vehicles



Energy is an attractive area for investors



Attractive opportunities are available in agriculture and agro-processing



Logistics services and heavy truck demand to increase



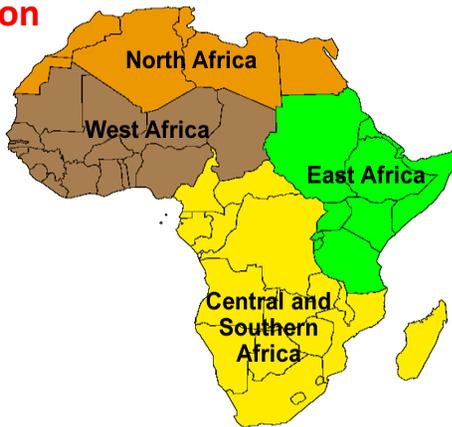
Significant investment opportunities in oil and gas, especially refining and petrochemicals



Key Takeaways

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Nigeria is the gateway to the ECOWAS region



Significant opportunities in ecommerce and last mile broad band



Retail is emerging as a growth area



With a growing population, housing is a key investment area.



The Nigeria government is emphasizing rail transportation

