Trade & Investment Today

A Quarterly Journal of the Federal Ministry of Trade & Investment

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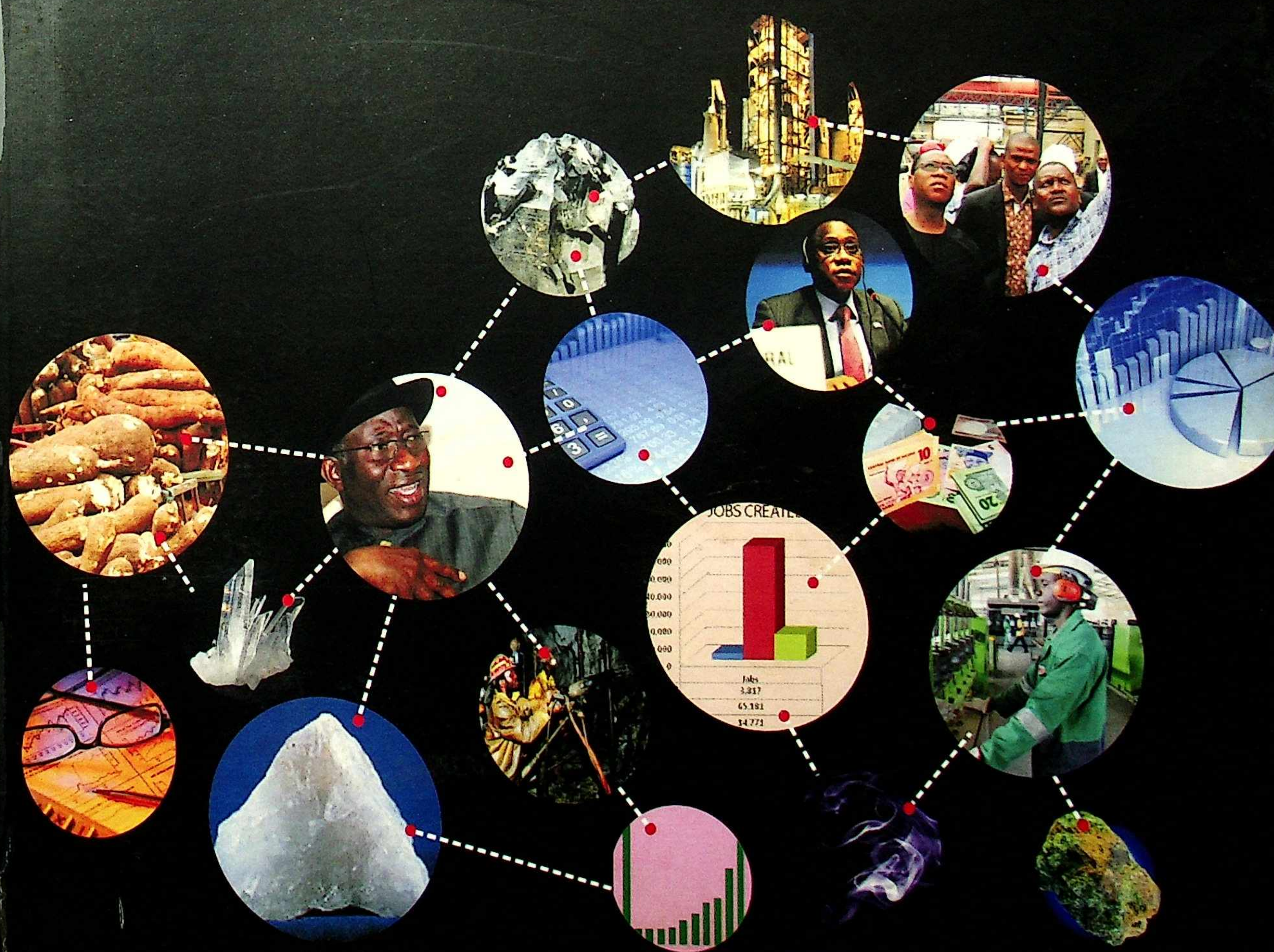
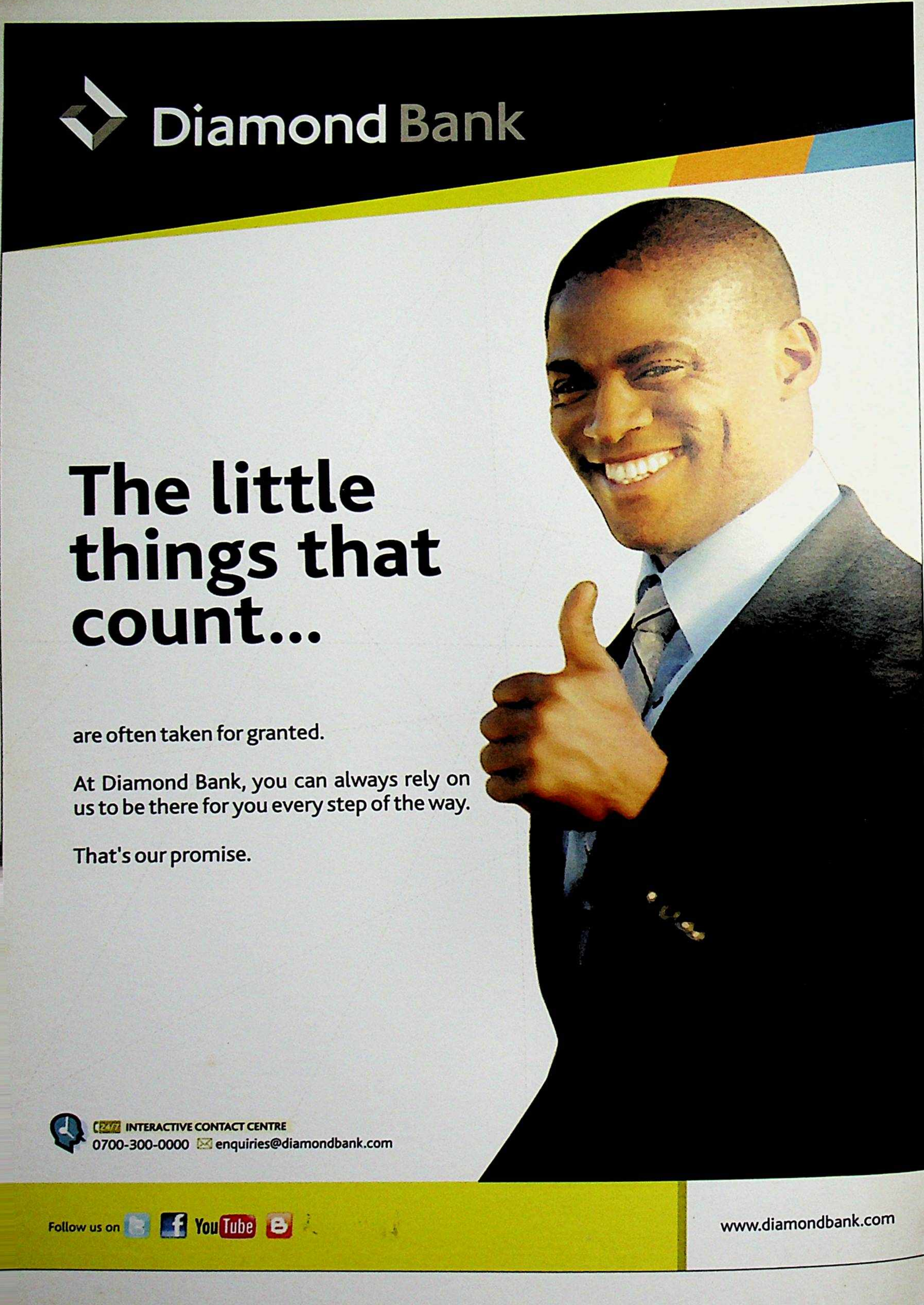
ANNIVERSARY EDITION

Investment Corner
The facts, the opportunities

SME Guide
How To Become A Millionaire

A NEW DAWN

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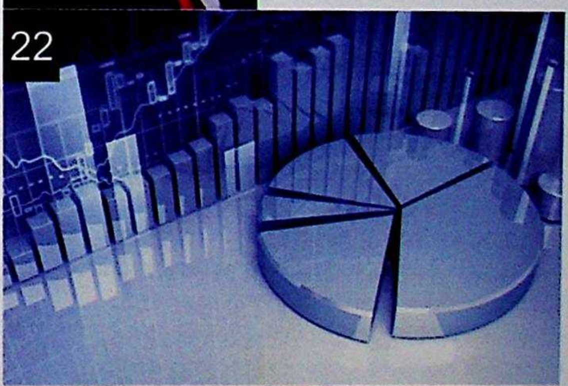

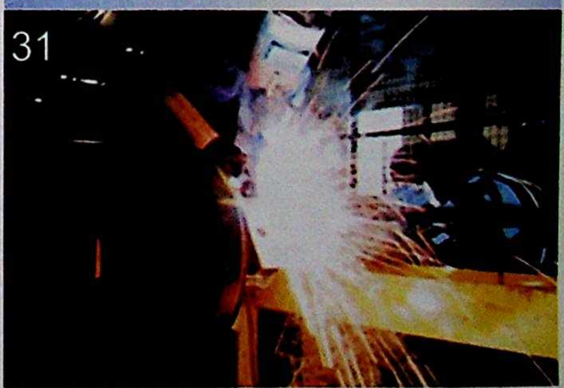

Ministerial Note

Olusegun Aganga (CON), Honourable Minister of Trade & Investment

Dialogue and effective communication are critical factors in the transformation process of any country. And since the transformation agenda of President Goodluck Ebele Jonathan is geared towards improving the living standard of every Nigerian, dialogue and effective communication become very important in its execution.

This journal is, therefore, being launched to serve as a veritable platform for a people-government working relationship that can help achieve the desired goals of the country. The aim is to be able to communicate what the Ministry of Trade and Investment and its Parastatals are doing to transform the Nigerian economy.

We want to give Nigerians quarterly feedback on the ministry's job creation and wealth generation efforts, with a view to setting the stage for economic regeneration through collaborative thinking. Since effective communication is a two-way affair, the format of this journal was arrived at after a consultation process that involved key stakeholders. I would therefore welcome suggestions on what we could do differently or better in the quest for a healthier economy.

"We want to give Nigerians quarterly feedback on the ministry's job creation and wealth generation efforts, with a view to setting the stage for economic regeneration through collaborative thinking"

As a nation, we have all it takes to be in the top 20 economies in the world. All that we require are the determination and will for the private and public sectors to work hand-in-hand on this important journey of transformation. That journey has started in earnest and we have no choice but to reach the desired destination. ■

From the Editor-in-Chief

Dear readers, welcome to a new dawn, an era of transparency and accountability, an era where growth efforts are not complete without your valuable contributions, where every policy is designed in the interest of the people and the people alone.

To stress these facts, the Trade and Investment Today (TIT) team will analyse issues objectively and give useful, undiluted facts to readers out there. This is in realisation of the fact that, to have the valuable input of stakeholders in Nigeria's journey to sustainable growth and development, the cards must be open for all to see. The team has demonstrated this commitment to the journal's "say it as it is" motto with the questions directed at key players in the Nigerian economy on behalf of the Nigerian people.

We have, in this maiden edition, invited stakeholders, both from the private and public sectors, to tackle burning issues objectively.

We also realise that the communication gap between the government and the public is the major cause of discordant tunes among the populace. We have therefore packaged the journal in a way that will give stakeholders the benefit of first-hand information, straight from the horse's mouth, as well as direct contact with relevant government agencies where it becomes necessary. Governance is a two-way affair.

We welcome suggestions on economic policies and what you think the Ministry of Trade and Investment needs to do differently. There is a section for feedback and enquiries below.

Remember, we are all stakeholders in the quest for a better Nigeria, a Nigeria where EVERYTHING works.■

Yemi Kolapo

Ministry of **Trade&Investment**

"Creating jobs, Generating Wealth and Enhancing Economic Growth."

For Further enquiries,

Contact: www.fmti.gov
invest.journal@fmti.gov.ng
+234 - 809 317 3528, 813 547 4895.

Special
FEATURE

A NEW DAWN

The creation of the Ministry of Trade and Investment from the former Ministry of Commerce and Industry by President Goodluck Jonathan, shortly after he was sworn in May 29, 2011, was one of the landmark decisions aimed at repositioning the Nigerian economy for job creation and wealth generation.

To enable it to play a catalytic role in the economic growth and transformation of the country, the Ministry of Trade and Investment was given specific mandates to create the enabling environment to stimulate domestic investment and attract foreign direct investments into all sectors of the economy; facilitate trade in goods and services and maximise the benefits of international trade through functional bilateral and multilateral trade relations with ther countries; accelerate the growth of e industrial sector; enhance productivity d foster the development of Micro, Small d Medium enterprises (MSMEs) as the ngine of economic growth and development.

Within the last year, the Minister of Trade and Investment, Mr. Olusegun Aganga, working closely with his colleague, Minister of State for Trade and Investment, Dr. Samuel Ortom, has brought to bear his knowledge, experience and expertise, both as former Managing Director of Goldman Sachs(one of the biggest investment banks in the world) and as a former finance minister of the Federal Republic of Nigeria, in repositioning the new ministry.

Accordingly, and in line with President Jonathan's Transformation Agenda, which is aimed at strategically repositioning the Nigerian economy to become one of the 20 leading economies in good time, the Ministry of Trade and Investment, under Aganga's watch, has successfully developed, and also begun the mplementation of far-reaching and nclusive transformation strategies as part f efforts aimed at creating jobs, generating vealth and enhancing economic growth nd development.

The minister said, during his recent uting at the Ministerial Platform, that the ansformation strategy of the ministry was uilt around four main clusters – investment, trade, industry and enterprise.

OLUSEGUN AGANGA (CON)
HON. MINISTER OF TRADE AND INVESTMENT

Investment

Within the last one year, the Ministry has held over 70 meetings in over 12 countries, resulting in the renewed investment interest in Nigeria. Latest statistics released by the Central Bank of Nigeria over the weekend, showed that Foreign Direct Investment (FDI) inflow into the country jumped to $1.574 billion in the last quarter of 2011, as against the $1.309 billion recorded during the third quarter of 2011.

According to the CBN's report, titled, "Developments in the External Sector of the Nigerian Economy For The Fourth Quarter 2011," this development is a manifestation of continued confidence in the Nigerian economy by foreign investors. And this, analysts say, can be linked directly to the aggressive investment drive and the professional marketing of the opportunities in the nation by the new Ministry of Trade and Investment.

"Inflows from FDI rose from US$1,308.67 million in Q3 2011 to US$1,574.41 million in Q4 suggesting continued confidence in the Nigerian economy by foreign investors," the report specifically stated.

There is reason to believe that the aggressive investment drive and reforms being undertaken in the Doing Business Environment has paid off. The Ministry of Trade and Investment has been able to generate over N6.6trillion investment commitment from both local and foreign investors in the last one year. Of this, N3.9trillion represents Foreign Direct Investment, while N2.7trillion is Local Direct Investment.

To make the business environment friendlier and improve Nigeria's ranking in the Doing Business survey, the ministry has, within the last one year, put structures in place to ensure a conducive environment for investments to thrive. The ministry has embarked on an investment climate reform programme, working with the Department for International Development and the World Bank; established Trade and Investment Councils with major economies of the world. (The Australia-Nigeria Trade and Investment Council was established in October last year, while talks have reached advanced stages with Qatar, China, Brazil and Austria, among others).

The ministry has also created a streamlined visa application process for investors; inaugurated the Doing Business and Competitiveness and Investor Care committees, in addition to the establishment of the Competitiveness Council; and enacted the Financial Reporting Council of Nigeria Act, No. 6, 2011, which has led to the establishment of the Financial Reporting Council (FRC), and made it easier for the adoption of the International Financial Reporting Standards (IFRS) in Nigeria. The implementation of the said Act, according to the Chief Executive Officer, Financial Reporting Council, Mr. Jim Obazee, will lead to increased organisations' management credibility, more long-term investment decisions, lower cost of capital, improved access to new capital and higher share values.

The Registrar-General, Corporate

airs Commission, Mr. Bello Mahmud, o confirmed that the commission had ieved a three-day registration period for v businesses, noting that "the target is 24 rs before the end of the year."

The ministry is also reportedly ewing investment policies, laws and entives; strengthening the One Stop estment Centre in the Nigerian estment Promotion Commission to ure effective delivery of its mandate and rcing the presence of all relevant ncies of government in the centre with gated duties.

It has commenced setting up trade and estment desks in major Nigerian assies abroad; strengthening and using ree Trade Zones in a more strategic ner; exploring new ways of unlocking estic and international capital; as well rotecting intellectual rights and ight to encourage investors and preneurs to do business in Nigeria.

e

n the area of Trade, The Ministry's focus trade strategy targets the stic, regional and international ts, and it has succeeded in integrating estment, trade and industrial policies, ding to the trade department.

Domestic trade

Research has shown that domestic trade in Nigeria is still largely informal with high losses of products between production and the market, especially for agricultural products like fruits, vegetables, tubers and grains. These losses vary from product to product but range between 20 per cent and 50 per cent of harvest.

Already, the Ministry of Trade and Investment has commenced the implementation of a holistic strategy for domestic trade. To this end, it has commenced the transformation of the Abuja Securities and Commodity Exchange (ASCE) into a first class commodity exchange. The process, Aganga said, involved wide consultations with all stakeholders to have a better understanding of their issues.

He said, "Consequently, implementation of actual exchange trading in warehouse receipts is expected to commence in 2013 at the ASCE with agricultural produce while solid minerals, energy and financial instruments are to follow in this order.

"This will lead to less risk of contract failure and lower costs of market access, resulting in increased rate of commercialisation of farm output. It will also increase export volumes, at better prices and with quality premium."

He added, "In addition, the reform in the ASCE will enable the agency to provide a market platform for agricultural produce and subsequently develop trading in solid minerals, energy and financial products.

"This will lead to an increase in the competitiveness of produce exported from Nigeria, and large employment generation in warehousing among others, thereby opening a new chapter in the country's efforts to create jobs, generate wealth and develop the economy."

Regional Trade

World trade statistics show that Africa still has a small share of global trade, just about 3 per cent. This, experts say, is largely due to poor transport infrastructure between countries in the region. According to the Ministry of Trade and Investment, available data indicate that up to 80 per cent of manufactured industrial and household goods consumed in the ECOWAS sub-region originate from Nigeria with over 60 per cent of the products traded informally.

To improve the regional trade statistics, therefore, the Ministry is working with NEXIM on the proposed Sealink Coastal Ferry Services along the West Africa Coast to reduce cargo haulage time from the present six weeks to less than one week.

Aganga said his ministry's focus was on formalising informal trades along the border. In this wise, it has established a Trans-National Border Market at Okerete, in Oyo State, as one of six such markets that will be established to mainstream informal trade and deepen regional integration.

International Trade

International trade, according to available statistics, has also improved even though there is still a lot of room for improvement. In 2011, Nigeria exported non-oil products to 103 countries and territories out of 220, according to trade statistics from the ministry. This was an improvement over the previous year's figure. However, going by the international Trade Centre database, there are over 5,300 products, out of which Nigeria exports only 117 products. Value and number of commodities are quite low, and trade is still predominantly oil-based, which means Nigeria must leverage on all resources for optimum benefit.

For the first time in over ten years, therefore, the ministry now has a draft of Nigeria's Trade Policy. The document is expected to provide a multi-dimensional framework to boost Nigeria's trade regime as well as facilitate the inflow of investment into Nigeria.

The Ministry has said it is determined to usher in a productive era by promoting export of value added products, sustaining existing markets for non-oil exports, creating new markets for non-oil exports and improving the standards of Nigeria's export products. In this regard, it has had wide consultations across industry groups within the value chain on the Export Expansion Grant. A new guideline for accessing EEG will soon be out, according to the minister.

Given the nation's experience and the success with the Onne Free Trade Zone, the Ministry of Trade and Investment is strengthening and repositioning existing Free Trade Zones for strategic international trade and investment promotion while exploring the opportunity for developing new ones. So far, both existing ones and those scheduled to come on stream have ob capacity of over 495,000.

Presently, Nigeria's performance under the African Growth and Opportunity Act (AGOA) is being assessed with the aim f optimal utilisation of the opportunities vailable. And analysts have said that

significant progress is being made through the contribution of women with the formation of the Nigerian chapter of the Africa Women Entrepreneurship Programme. This achievement and penetration, the trade department said, were expected to be further deepened with the introduction of AGOA to the state level and the commissioning of an AGOA Training and Resource Centre at the Bank of Industry.

The ministry is also revamping and strengthening the Federal Produce Inspectorate Service to improve quality of export and increase export value.

Industry

No doubt, the development of the industrial sector is critical to employment generation, wealth creation and economic growth. There is no gainsaying the fact that manufacturing has played a pivotal role in national development, resource utilisation and value addition in developed and emerging market economies. But in Nigeria, experts say, the energy crisis, excessive import dependence, the lack of clear strategy for areas where the nation has competitive and comparative advantage, including poor sectoral linkages have combined to undermine the industrial sector, resulting in low capacity utilisation, low contribution to GDP, high production cost and unemployment. However, the Ministry of Trade and Investment has begun moves to reposition this important sector for sustained growth and development.

Nigerian Industrial Revolution Plan

The ministry has embarked on the development of a Nigerian Industrial Revolution Plan (NIRP), which was kicked off with a brainstorming two-day workshop with stakeholders in Lagos recently.

The minister said, "The NIRP will provide the framework for fast-tracking the country's industrial revolution and attracting investment into the critical sectors of the economy, especially where the country has comparative and competitive advantage. Emphasis will therefore be placed on agri-business and agro-industries, solid minerals-related industries, petrochemicals and media and creative industries.

"This Plan has the following as objectives: to increase efficiency and profitability of manufacturing establishments; to enhance global competitiveness of Nigerian manufactured goods; to increase manufacturing local content and linkages with other sectors of the economy; and to capture a greater share of the domestic market."

Others, according to him, are to make Nigeria's manufactured products a major source of foreign exchange earning; and to contribute to the rapid and sustainable growth of the Nigerian economy and diversify the nation's productive base.

tomotive industry

e Ministry has completed a sector ecific industrial policy review for the tomotive industry. Aganga said this tivity was undertaken because of the nistry's firm commitment to the vision of automotive industry that would provide e anchor for industrial development.

He said, "It is estimated that the erage automotive industry consists of er 10,000 parts sourced from metallurgy, trochemicals, textiles etc, therefore aking it an industry that has a broad nployment and wealth generation tential. Right now, there are 8 operational sembly plants with a combined capacity 25,000 cars and 50,000 commercial hicles.

"As a first step in our strategy for veloping the Nigerian automotive ustry, Mr. President recently launched e urban mass transit scheme and andated the patronage of existing vehicle anufacturing plants to enhance their pacity and productivity."

dustrial Clusters, Parks and Common cility Centres

e Trade and Investment ministry has ways said that it is promoting private ctor-led ustrial Clusters, rks and mmon Facility ntres in erent parts of country, mensurate their factor owments or nparative antage. This, minister said, to address the astructure enge, one of major factors ting against industrial development of ountry and to also take advantage of conomies of scale accruable in the ers/Centres.

Dr. Samuel Ortom
Hon. Minister Of State for Trade and Investment

ward Integration Policy

uccess of the Backward Integration used in the cement industry is t, which is the reason the ministry is usly implementing this policy in other s. As a strategic move, it has shed a Cement Technology Institute training of the manpower required in ustry.

"It is expected that this development will ensure that Nigeria becomes self-sufficient in cement production and that we have excess for export by 2014," the minister said.

Nigeria had a production capacity of only two million metric tons but had a consumption volume of about 14 million metric tons before the introduction of the policy. Today, the country produces over 12 million metric tons and employs around 2 million direct and indirect people.

Another key achievement of the ministry is the completion of the development of the Nigerian Sugar Master Plan (NSMP), which provides the roadmap for at least 100% local production of sugar. (Today, Nigeria produces only 2% of the sugar it consumes). And in the area of standards, which is a major headache for consumers and producers alike, the Standards Organisation of Nigeria has succeeded in reducing the volume of substandard products from 85% to 75%. The target is 30% by year-end.

According to the Director-General, SON, Mr. Joseph Odumodu, a lot of progress has been made in the area of life-endangering products. For instance, the volume of substandard electric bulbs has reduced from 80% to 50%; tyres (60% to 50%); and reinforced steel bars (45% to 30%).

Enterprise

As part of the overall strategy for the MSMEs, the ministry has developed a national MSME policy and established a national database in partnership with the National Bureau of Statistics. This has helped reveal that there are currently over 17 million Micro, Small and Medium Enterprises in the country employing over 31 million Nigerians. It has also shown that these MSMEs account for over 80 per cent of the total number of enterprises in Nigeria, employ 75 per cent of the total workforce and contribute 46.54 per cent of the nation's GDP in nominal terms.

Consequently, the minister said the ministry was working tirelessly to tackle the main barriers to MSME growth - access to finance, low level of business support and high operational costs.

Access to affordable finance

The ministry is executing matching programmes with state government on SMEs and deepening financing penetration, using microfinance banks. It has also held meetings with the SME desks of banks to develop alternative means of financing SMEs.

The minister said, "The Bank of Industry is getting round collateral issues related with funding through cross-guarantees by members of cooperatives, while there are special intervention funds for sectors, e.g. textiles. These efforts have so far yielded results. For instance, the value of loans approved by the Bank of Industry increased by 68 per cent (N77.74 billion), from N114.30 billion to N192.04 billion. Estimated jobs created also increased by 34 per cent (335,000) from 1,000,000 to 1,335,000.

"Mr. President has also directed that the Ministry of Trade and Investment, Ministry of Finance and the Central Bank of Nigeria should work on recapitalising BOI in order to increase the amount of funds available to MSMEs."

In the area of improved services, the Ministry of Trade and Investment is currently repositioning its Weights and Measures Department in order to entrench fair-trading, both domestically and internationally. "Prior to this reform, the losses to the Nigerian government due to non-involvement of the Weights and Measures Department in key sectors of the economy, was estimated at a huge USD3billion," according to Weights and Measures statistics.

In terms of consumer protection, the ministry has achieved 93.5% average rate of resolution of consumers' complaints in the last one year. "Consumer complaints resolved also increased from 3,301 in the preceding year to 4,587 in the last one year, an increase of 38.96%," the Director-General, Consumer Protection Council, Mrs. Ify Umenyi, said.

Analysing all these efforts, analysts and stakeholders alike, have scored the Ministry of Trade and Investment high in the last one year. They, however, insist that they want to see these efforts reflect in actual jobs and enhanced economic growth before the end of this administration. ■

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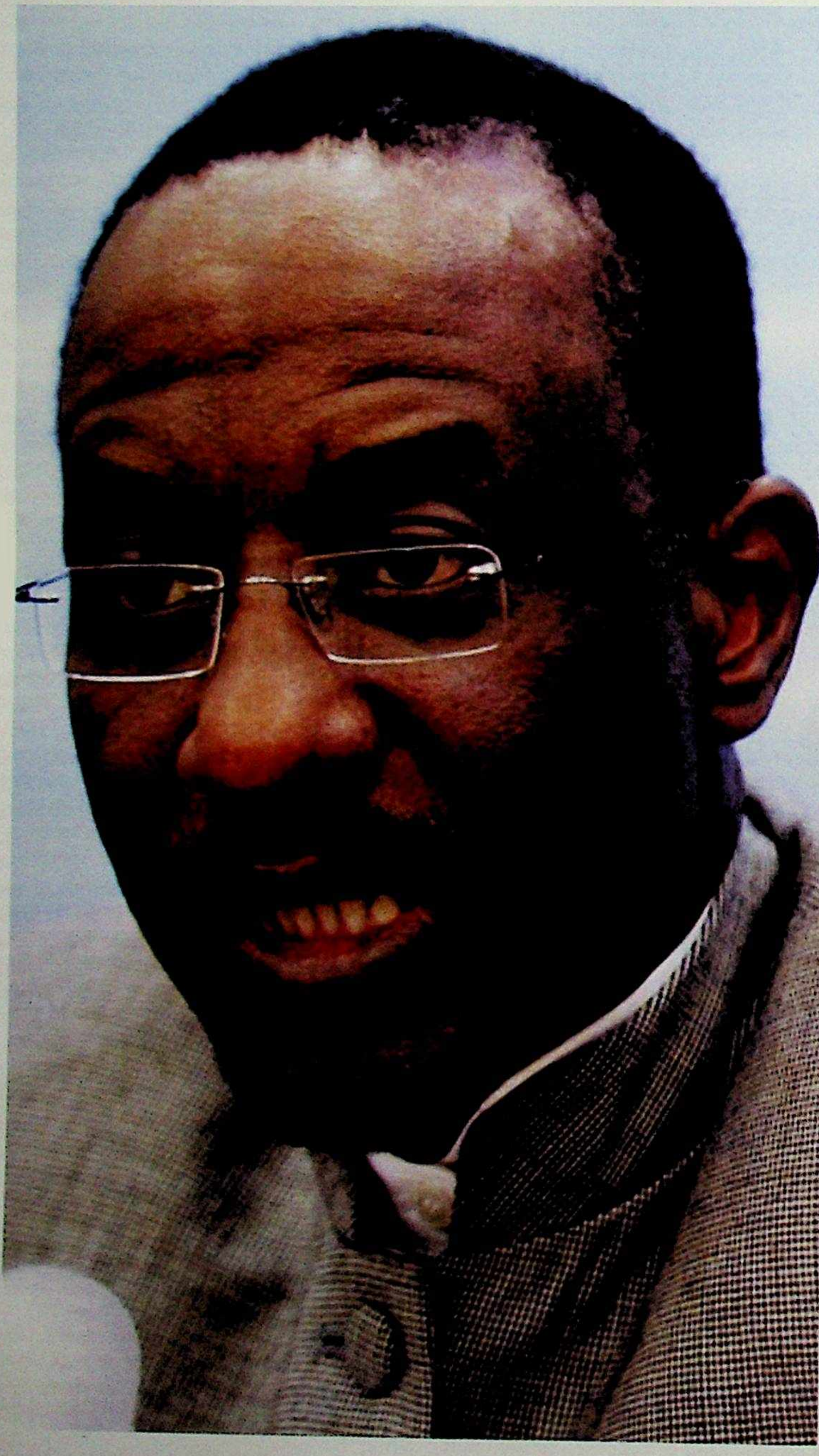
Economy



'Banks Will Now Help Build Job-Creating Businesses'

The TIT team, led by the Director, Policy, Standards, Research and Statistics, FMTI, Mrs. Bisi Olumodimu, had an extensive interview with the Governor, Central Bank of Nigeria, Mallam Sanusi Lamido Sanusi, on a wide range of economic issues, especially the nexus between CBN's monetary policy and the new focus of the Federal Ministry of Trade and Investment. Excerpts:

The CBN has recorded significant success as regards sanitising the banking sector. But the question on the lips of observers is 'what next'?

From the Central Bank of Nigeria's perspective, there are basically three things that we do. We are a monetary authority: this means that we have the responsibility for maintaining price stability and that is an ongoing role of the central bank. As you know, we started from an interest rate of about 15 per cent in 2009 and brought it down to 10.3 per cent by the end of last year. We are also the banker to the government, the banker to banks and regulator of the payment system. We have started the process of modernisation and transformation of the payment system, looking at financial inclusion, with a focus on alternative channels to cash. We have licensed mobile payment companies, working with banks for mobile banking which has taken off.

A few weeks ago in Lagos, when all the banks were shut down during the fuel subsidy strike, nobody complained of lack of cash because cashless Lagos had taken off. Anybody who had an ATM card always had access to cash in spite of the strike that was going on.

On the banking side, the banks have been fixed in the sense that their balance sheets have been repaired. The capital adequacy ratios are now up; non-performing loans have been cleaned up by the Asset Management Corporation of Nigeria (AMCON), and banks have returned to lending to the private sector. But there is an ongoing process of improvement in corporate governance; improvement in risk management and breaking up from universal banking to the introduction of specialised banking institutions like non-interest banks. So, there are a lot of things that have happened in the last two years. It is now time, within the next one or two years, for things to settle down. So, I will say that this year is what you may call a 'settling down' stage where you come out of a crisis and you now want to go back to a smooth financial system.

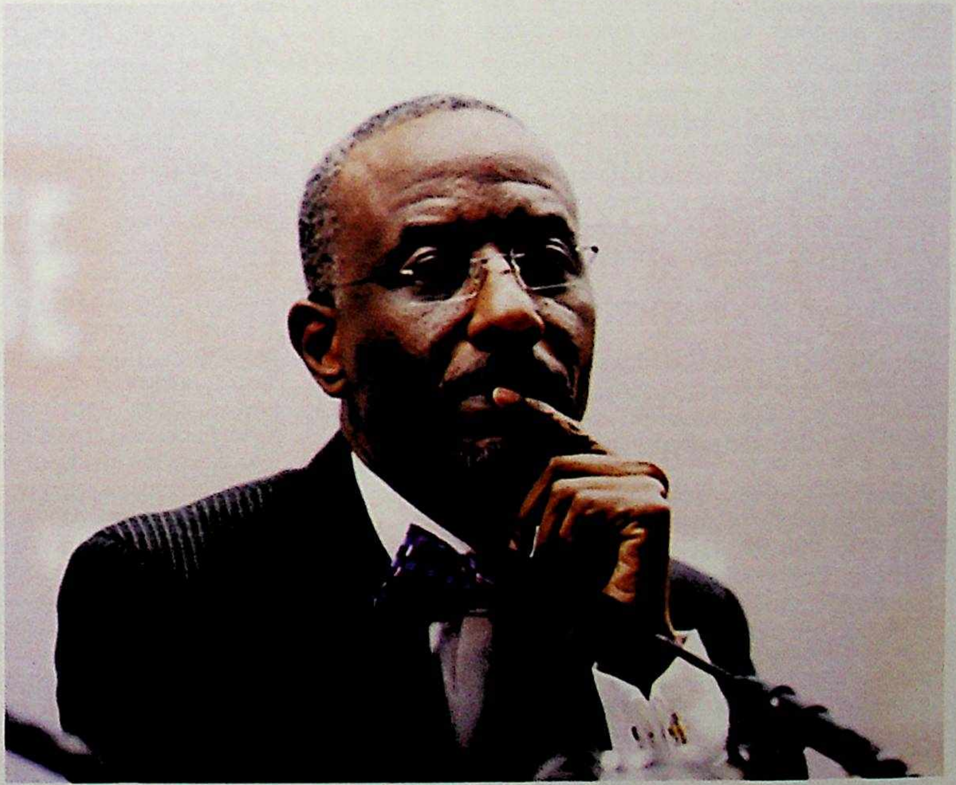
One of the consequences of the clean-up exercise in the banking sector is that people are being thrown out of jobs. Nigerians are worried that this situation has compounded the unemployment situation in the country. It is true that we can't have omelette without breaking eggs, but what is the CBN doing to cushion the effect of the loss of jobs?

The first thing that I want to say about the job losses as a result of the clean-up of the banking sector is that people should remember that it is always the case of the glass being empty or half-full. If a bank has 5, 000 employees and it is taken over by another bank, and a thousand or two thousand people are allowed to go, people will say that you have thrown the one or two thousand people out of jobs. But the reality is that you have saved 3,000 jobs because if that bank had not been saved, all the 5,000 employees could have been thrown out of jobs. Every bank that has failed has thrown a lot of people onto the streets. So, I don't see this process in terms of how many people have lost their jobs, I'd rather talk about how many jobs have been protected by saving the banks. I think it is important to have this perspective.

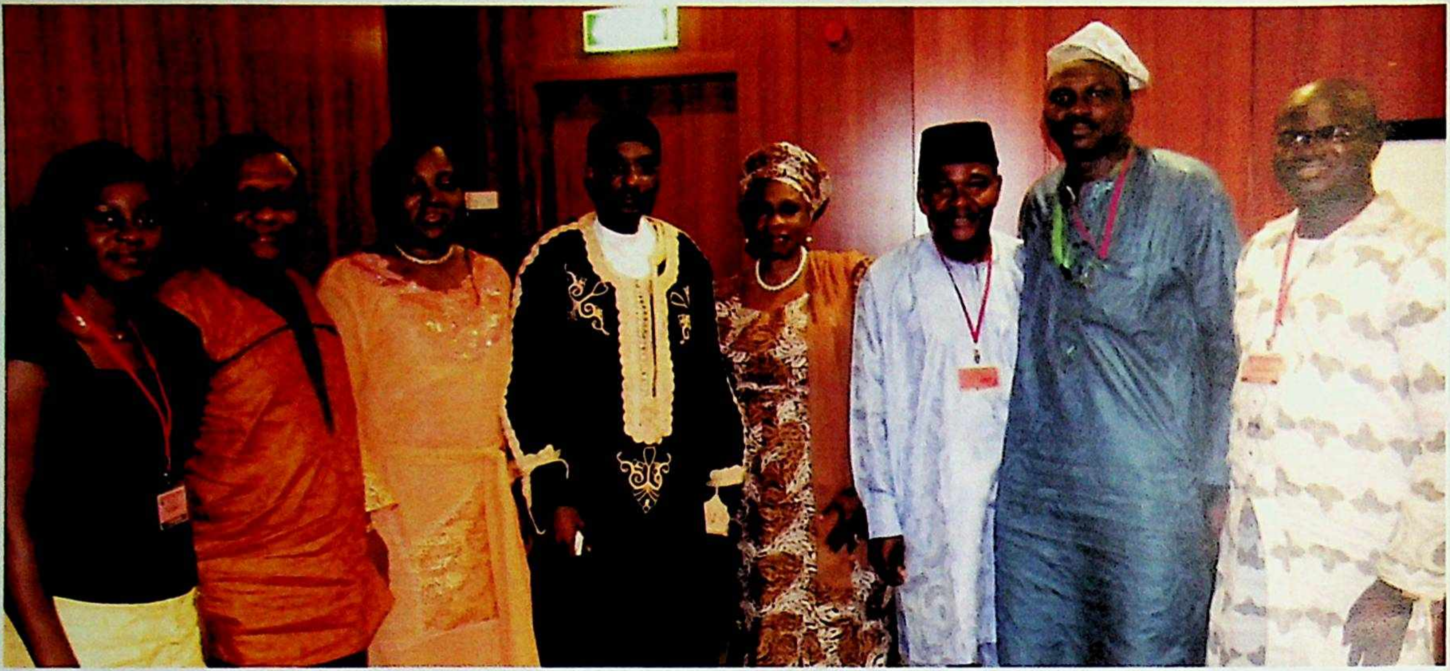
The second thing is to remember that the banks, like any profit-making enterprise, use inputs and resources that are meant to generate profit. If you had more staff than you needed because they were basically supporting the funding of non-performing loans, you were already running a business that was over-extended in terms of resource inputs because you were not giving the true position. So, when the bubble bursts, you will bear the consequences. For example, when people build branches that are not profitable and they just build those branches as real estate businesses, whoever takes over that bank will close those branches. And once you close the branches, the staff there will have to go.

In the case of a bank, which was reported to have sacked some workers recently, the bank actually allowed 1,000 staff to go and not 1,500. Most people don't know that in the case of Intercontinental Bank, for example, even the previous owner, Mr. Erastus Akingbola, laid off 2,800 employees in 2008. So, it is very easy to say that Access Bank has sacked 1,000 staff but Akingbola himself sacked 2,800 staff before he left. If a business model can no longer support the level of recruitment that was built up in the past, some people have to be allowed to go.

What people should understand is that banking is not a labour intensive business. Jobs are created in manufacturing and agriculture sectors. So, you need to pursue structural adjustments that are required to bring up those areas. The instinct of a banker is to recruit as few people as possible and then use technology to drive the operations. And that is the direction that banking is going now. By the time you can do your transactions on the internet from your home; through your mobile phones (which is where we are now); or you can just walk into a POS without carrying cash in your pocket, you are not going to need the army of people serving you in the banking halls again. I think the country as a whole needs to understand that Nigerian banks of the future are not going to be labour intensive businesses. Hopefully, instead, they will be able to provide the finance to SMEs, agriculture, power and other sectors that will then create businesses that will



Sanusi



CBN Governor with the TIT Team

employ labour. That is the direction that we are going.

The CBN in the recent past provided N500bn intervention fund for industries. How far has this gone in oiling the wheels of the Nigerian economy?

There are a lot of issues. First, let us understand that finance is just one element in the manufacturing business. There are other elements that help manufacturing thrive. If you are a small or medium-scale manufacturer in Nigeria today, one of the greatest challenges you face is that of power. Even if you have finance and you don't have your own generator, and you buy diesel to power your equipment (and possibly have a back-up generator), you may find out that you will not be able to succeed for a very long time.

> 'Having provided the needed stability, a good development is that there is now a ministry of Trade and Investment to sell to the world, the abundant investment opportunities in Nigeria'

You will probably find out that there are costs and overheads in your business that make it difficult for you to borrow and service your debt. It is not because banks don't want to lend to manufacturers but because manufacturing is not viable in an environment where infrastructure is not adequate. This is why the government has been focusing on power reforms with so much emphasis on developing infrastructure. No manufacturing business is possible without the right infrastructure. What Nigeria did in the First and Second Republic was to build industrial estates and build first class infrastructure in these estates. You need security, power, roads, water supply and other things for manufacturing to thrive.

Now, coming to what we did with the intervention fund: the N500bn intervention fund was actually not all for manufacturing. We had N200bn for SMEs and N300bn for power and aviation. The N200bn was the fund that was used to refinance the existing banks' exposure to small and medium companies. What happened at that time was that in the middle of the financial crisis, a number of companies were ready to collapse in the real economy simply because they had borrowed short-term money from the banks at very high interest rates. And a number of these companies in the estimation of the banks will remain open and keep their jobs if they were able to access longer-term funds at low interest rates. But the banks' balance sheets were not so structured to provide short-term money at such low interest rates.

So, what we did through the Bank of Industry was to provide a cheap refinancing loan where the banks borrowed from us at one per cent with the understanding that they would lend to these companies at not more than seven per cent. The facts are there to show that over 4,000 companies benefited from that initiative, which in turn, has created thousands of jobs. Some of these companies are not very small. Take for example a company like Notore, which is a very large fertilizer company. It was about to close down under the weight of bank debt. But today, the company is operating at 90 per cent capacity because we were able to provide that financing.

What specific strategies do you have to help SMEs have easy and cheap access to funds to start or expand their businesses?

I have just received the first draft report of a financial inclusion strategy document, some of which we have been implementing. This includes the new microfinance framework and guidelines. What happened in 2004/2005 was that we had huge consolidated banks. Of course, it is very good to have big banks that are well capitalised. But one of the unintended consequences of the consolidation was that banks lent to big multinationals and put the rest of their money in government treasury bills and bonds. So, why should they bother about the SMEs? So, what we are doing strategically is to create an opportunity for an evolution of the banking industry to cater for different sectors of the economy with financial inclusion in mind.

Take for example, when we said we were breaking up universal banking. Commercial banks no longer do the business of venture capital companies but the commercial banks can have different levels of authorisation such as international, national, or regional authorization. So, we now have medium-sized banks like Wema Bank Plc, which is now a regional bank. Now, because Wema Bank has a regional authorisation, it is not going to be competing with First Bank or UBA to lend to Shell or MTN. It will be lending to small and medium cocoa manufacturers in Ondo who First Bank is not looking at.

These structures are now for banks that are not microfinance institutions but are strong enough to meet the financing needs of SMEs and not focusing on playing in the stock market or playing with bonds and lending to large corporations. We also have non-interest banks. These ones will serve the interest of those businesses who want interest-free loans. These are all part of our financial inclusion strategy. However, it will take a combination of regulations in the financial sector and reforms in the real economy for SMEs to get credit. One of the challenges facing the SMEs is the Land Use Act. The cost of registering a mortgage is so high that it already distorts a business model. So, the Land Use Act needs to be reviewed.

Even the issue of proper individual registration for identification purpose has to be addressed. Right now, you can go anywhere and get a driver's licence under one name; you can go and get a passport under another name or even claim a different state of origin. Therefore, banks have a problem lending to people if they are not sure they can find them when the loans go bad.

Despite the reforms in the microfinance sector, the microfinance banks have not really lived up to expectation. What would you say is responsible for their poor performance with respect to lending to SMEs?

It is a combination of many things. In the case of microfinance institutions, there were actually challenges of regulations. We had to review the operations of microfinance banks. As you know, we had to revoke the licences of almost 200 microfinance banks before they got adequately capitalised; we have issued new guidelines for microfinance framework. We now have a certification process for the management of micro finance banks. In the past, people used to get micro finance licences and just put their brothers or in-laws to run them. But now, we have started a process where anybody who wants to be Chief Executive Officer of a microfinance institution has to go through a certification process. If you fail, you will repeat, but if you fail the second time, you are out.

Also, we have to review our own internal processes. We are working on making all microfinance banks to adopt standard software. We want to standardise reporting. We want to have a situation whereby the Central Bank, from a central location, can at least monitor online data from all the microfinance institutions across the country because we cannot have Central Bank Branches in all Local Government Areas in the country. So, we want to be able to look at their data, from time to time, go out; or appoint some auditors to do that. Therefore, we have to streamline our own supervisory responsibility.

Let's look at the other side of microfinance banks. If you have a microfinance bank in the village and that microfinance bank lends to farmers who produce goods but there are no access roads for their goods to go to the market, it is bad loan. If there is no guaranteed minimum price, it is a bad loan. If there are no storage facilities and logistics, it is bad loan. You see, you need to think of development as an integrated process with the right policy framework, the right institutional framework and the right infrastructure.

How would you describe the exchange rate regime now? Some businessmen still say they are not able to execute long-term plans due to exchange rate volatility?

We have been very transparent about this. In 2009, when we came in, you had the official market rate of about N146 to a dollar, but everybody was buying at N185 or N190. We had to arrive at a convergence. When we converged at about N150, we said very clearly that we were going to fix the naira within a band in 2009. So, we fixed the naira within the band of N150 at the official market, and everybody knew we tried to keep the inter-bank and BDC rates not too far from the official rates. We kept the naira in that band for over 12 months. Then we had the euro crises, and there were currency attacks. We saw what happened to Kenya, Uganda and to the South African rand. And the only way we were going to keep the naira in the band of N150 plus or minus three per cent at that time was to significantly run down our foreign reserves. That had costs. Apart from the fact that you have the cost of actually reducing reserves, it can actually be a self-defeating exercise because when you run down your reserves, people will begin to feel that, even at the new level, you can no longer sustain it. They will say 'let's watch and see how far the Central Bank will be able to go.'

So, on our exchange rate policy, we don't have a fixed rate of exchange but we are very willing to move the band or to move the mid-point in line with the need of the nation. Given the euro crisis and our desire to balance reserves with exchange rate stability, we announced a new band of N155 plus or minus three per cent. We have stayed within that band for a long time; we have not breached it even once. The inter-bank market has even helped that because the inter-bank rate has been between N161 and N162.

So, I don't know why anybody should say they can't plan. If you look at our reserves since January, we have had over $34bn, the highest level in four and half months, and part of it has been the removal of fuel subsidy and therefore the closure of arbitrage opportunity in fuel importation. But now that the gap is being closed up, you can see the impact on our foreign reserves. We have been having more or less an appreciation in the last few weeks.

The desire of President Goodluck

Jonathan to transform the Nigerian economy has led to the creation of the Ministry of Trade and Investment with the mandate of attracting Foreign Direct Investment into the country, among other things. What is the role of the CBN in complementing the efforts of the ministry to achieve its mandate?

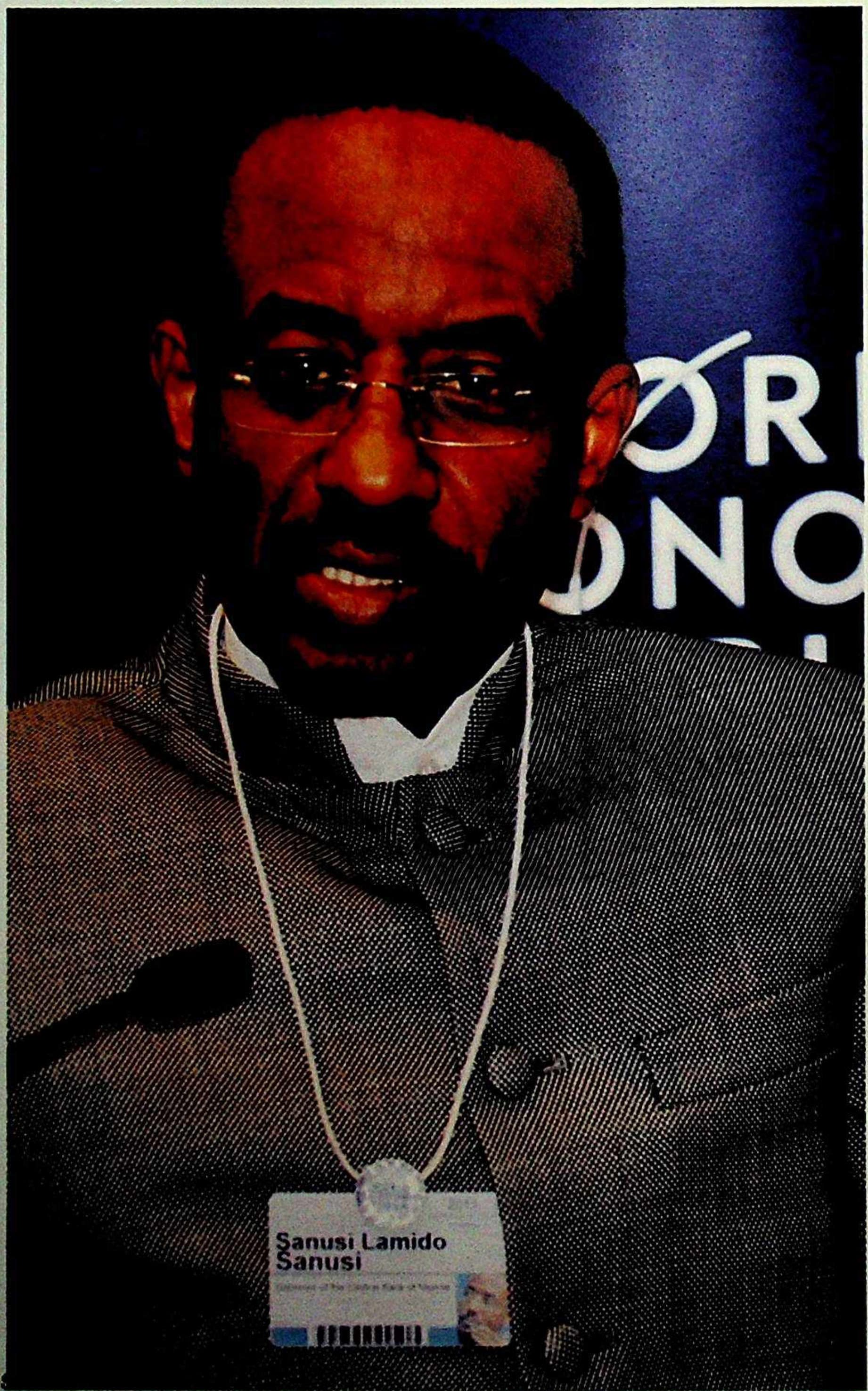
You see, the primary responsibility of the Central Bank is to create a stable monetary and financial environment that is conducive for economic growth. Basically, what you are looking at is price stability consideration. The Monetary Policy Committee of the Central Bank has established the credibility of price stability. We started tightening money last year ahead of every other African country. At the time we started tightening, some of them were even lowering rates of interests. The MPC met seven times in 2011 and increased interest rates on six occasions. The only time we did not increase rate was during the last meeting of the year and the first meeting of this year. With that, we were able to bring inflation down from over 15 per cent to 10.3 per cent.

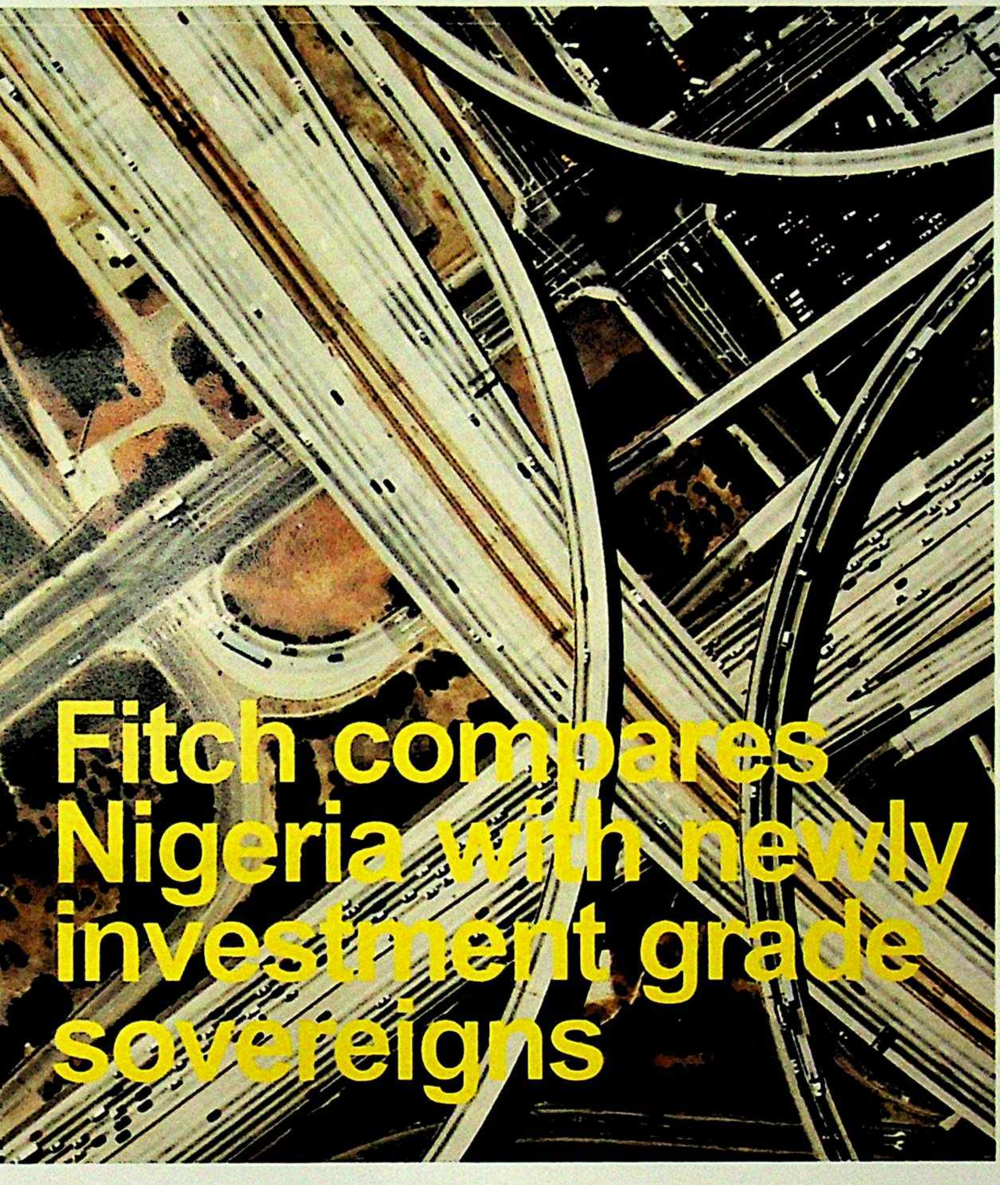
We had a spike in the last few months because of the reduction of fuel subsidy and the increase in transportation cost. Our forecast is that we will still come back to a single digit starting from late 2013. On the exchange rate side, we have maintained exchange rate stability. We are not going to allow the naira to be too strong and we are not going to allow it to be too weak. If it pushes to the other side of the band, we will support it either with reserves or exchange rate. If it starts getting strong again, we will support the dollar because we don't want to keep running down reserves in order to have a strong exchange rate. What is important is the stability. The Japanese yen is at about 129 – 130 to the dollar but the number is not what matters. What the importer wants to know is, if I establish an LC today and pay N150 to a dollar and sell my goods, when I come back to buy the dollar, will it be somewhere roughly around N150 or N190? That is all he needs to know. So, for the investor, despite challenges, we have given them good rates of interest on their investments and they have the confidence that the Central Bank will protect it.

Why is it that, in spite of the infrastructural challenges in Nigeria, foreign investors have continued to show renewed interest in investing in the country?

It is because of the high returns on investments. There are different types of investors. For instance, for portfolio investors, what is of concern to them is what the central bank is doing on exchange rate, interest rate and inflation. If they are satisfied that you have a central bank that is clearly focused on price stability, then investors can take risks. But then, they want to be sure that the risks they are taking are consistent. An investor wants to be sure that if the environment changes, he can predict the actions of the central bank. And it takes you time to build that confidence.

What we have done in the last few years - the way we have brought down inflation, the way we have had exchange rate stability in spite of all the local and global turmoil – gives investors more confidence to invest in Nigeria. I think we have done our best in terms of creating that stability. However, stability is not enough. People used to ask me why we focus so much on stability and I say that stability is not everything but without stability there is nothing. So, having provided the needed stability, a good development is that there is now a ministry of Trade and Investment to sell to the world, the abundant investment opportunities in Nigeria.





Fitch compares Nigeria with newly investment grade sovereigns

In a presentation on Nigeria's Debt Capital Markets, Richard Fox, Fitch Ratings' Head of Africa/Middle East sovereigns, compares Nigeria's current sovereign debt metrics to those of Emerging Markets (EMs) that have recently made the transition to investment grade (IG).

Since 2004, seven EMs have moved up the rating scale from Nigeria's current 'BB-' level to the lowest investment grade 'BBB-' rating. The most recent was Indonesia in 2011; the others are Azerbaijan (2010), Brazil (2008) and Bulgaria, Kazakhstan, Romania and Russia (2004). Of the seven, four are oil producers to varying degrees. The three notch upward movement has typically taken between six and eight years, which makes it a plausible ambition for Nigeria in the context of its Vision 2020.

Among the key indicators that Fitch uses to assess sovereign creditworthiness, three stand out as being well outside the range of experience of recent newly IG EMs: per capita GDP, reserve cover and governance (the latter measured by the World Bank's governance indicators). These areas represent Nigeria's biggest challenge to improving its rating, as highlighted in Fitch's previous research. Of the three, reserve cover is the most susceptible to rapid improvement, particularly at current high oil prices. But although Nigeria's reserves have risen by around USD2bn this year, they are not rising as fast as in the majority of big oil exporters.

Other external data such as the current account and net external assets are comparable to those of newly IG sovereigns. The exception is commodity dependence, reflecting the dominance of oil revenues. Although some newly IG oil exporters have had even higher oil dependence, this has been compensated by a stronger international reserves cushion against oil shocks.

Part of the explanation for the improved trend of reserves this year is the authorities' actions to reduce FX demand for refined petroleum imports, including the partial reduction in the petroleum subsidy earlier this year. The reduction in the benchmark oil price in the 2012 budget, albeit partially reversed by the National Assembly, was also a step in the right direction. Nevertheless, although the Federal government's budget deficit and consolidated government budget surplus are within the range experienced by newly IG countries, they are not as strong as some of the major oil producers when they made the transition to IG - notably Azerbaijan and Russia. Increased fiscal savings in Nigeria's new sovereign wealth fund will be a key driver of Nigeria's rating.

Nigeria's stable and robust GDP growth of more than 7% since 2009 compares well with the record of newly IG sovereigns and is even more creditable given its reliance on the non-oil sector. However, structural reforms planned in the electricity, oil and agriculture sectors, will be crucial if growth is to be diversified and sustained closer to double digits, in order to close the large gap in per capita income. Even with a likely substantial increase in nominal GDP this year due to the rebasing of the national accounts, Nigeria's per capita GDP will still be outside the range enjoyed by the newly IG countries when they became IG.

Nigeria's inflation rate is also still on the high side - in low double digits compared to an average of 7.5% for newly IG sovereigns and a range of 5% to 12%.

By contrast, Nigeria scores much better on the government debt ratio which, despite creeping up, at a little under 20% of GDP is lower than the 26% average for newly IG sovereigns. Nigeria's ability to finance itself domestically, in its relatively well developed domestic capital market, is also a major strength compared to many newly IG sovereigns.■

Culled from Reuters Tue Mar 27, 2012.

Backward Integration Policy: Cement Industry As A Success Story

By John Olayiwola

Every successive administration in the nation's five decades of existence as a sovereign entity had expressed concern about the inability of the country to fully realise its potential in cement production.

Of course, some of the administrations did make genuine efforts to formulate policies that could take the country out of the bondage of dependency on cement imports to meet its needs. But such policies were usually not followed through to the point of yielding the desired results before they were upturned.

No doubt, after petroleum products, cement occupies the next line as the most controversial product in Nigeria.

The story of cement crisis in Nigeria has been a paradox. This is so because the problems associated with its supply and demand are rooted in a kind of irony. The irony lies in the fact that Nigeria is naturally and adequately endowed to be a leading producer of cement globally; yet, it has been through one crisis or the other in its developmental stages.

The question is: What is in this cement thing that has made the resolution of matching supply and demand with price affordability linger for decades?

In terms of potential, Nigeria has some cutting edge resources, which should naturally aid its positioning as a world leading producer of cement.

In the first instance, the main raw materials needed for cement manufacturing are abundantly available, dotting over 70 per cent of Nigeria's landscape, according to the

Cement Manufacturers Association of Nigeria.

Limestone, which constitutes over 85 per cent of the inputs in cement manufacturing, for example, is cheaply available. Besides, other inputs like red alluvium, shale and gypsum, according to the Nigerian Raw Materials Research and Development Council, are very much in abundance.

Industry research reveals that with the exception of gypsum, which occurs in thin-vein layers, Nigeria is abundantly endowed with all other inputs. For example, limestone, the research reveals, is found in all the six geopolitical zones of the country. Aside from the basic raw material inputs, the other major requirement for cement production is fuel. Again, the nation is rich in all energy sources, including oil, gas and alternative fuel (waste).

Another important area of the cement paradox is Nigeria's population, which naturally presents a huge market for the product. Given the country's level of development, it is expected that its cement consumption will keep growing for a long time to come.

In the whole of West Africa currently, only Nigeria has serious cement manufacturing facilities.

The implication of this is that if the government would properly harness the country's capabilities and optimally tap into the comparative advantage prospect in the production of this critical product, Nigeria will not only become self sufficient, but will soon become a net exporter of the product, particularly to the West African sub-region.

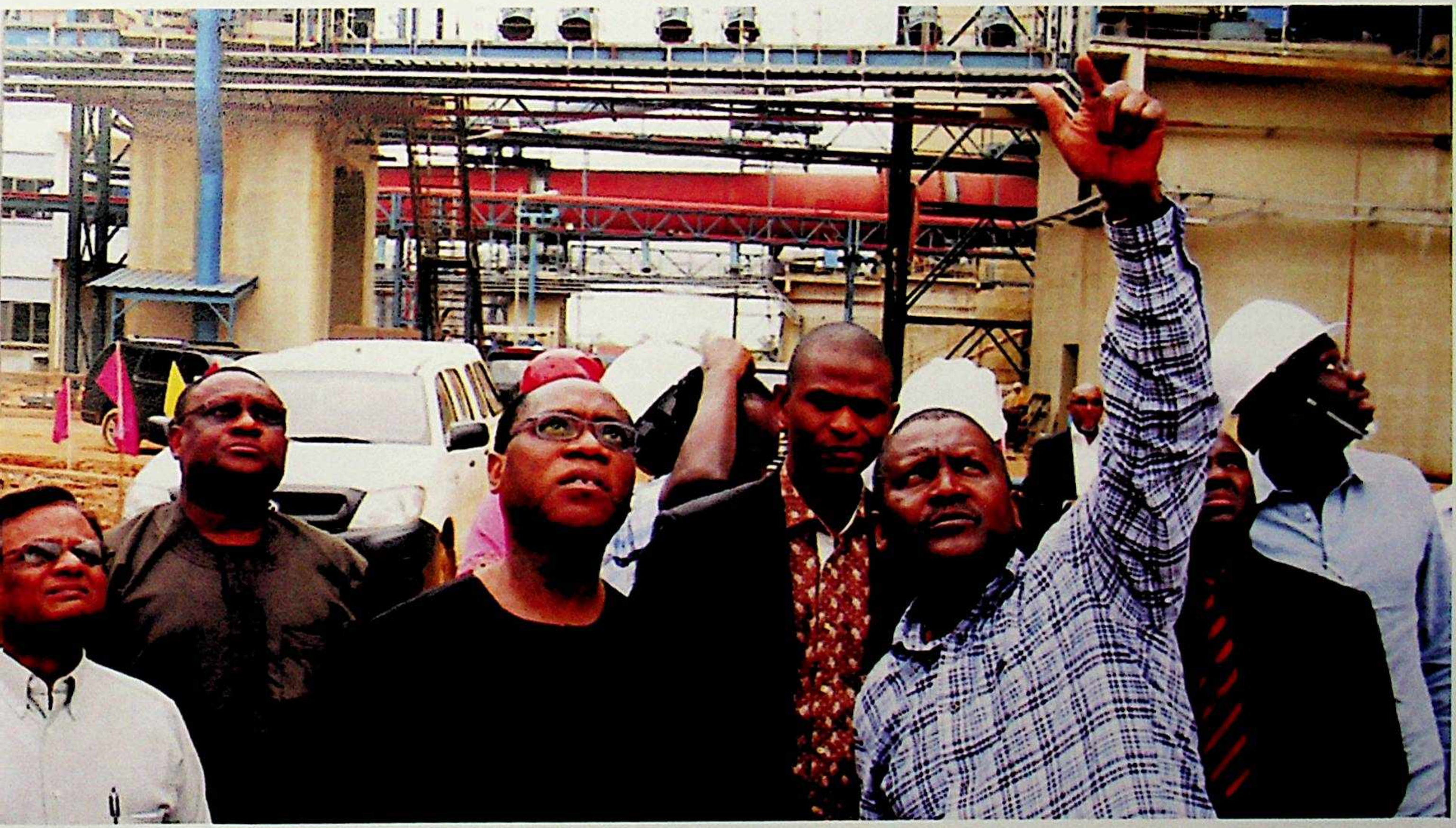
If the potential had always been there in terms of natural endowments, productivity and marketing, and successive administrations all had enough appreciation of the prospects, what then could have been retarding the nation's quest for great strides in cement manufacturing?

This question nudged the heart of former President Olusegun Obasanjo's administration. The administration, through the policy statement that produced the 2002 Backward Integration Policy, asked another adjoining question: "Why is Nigeria still being made a dumping ground for imported cement?"

But in grappling with the riddle posed by the question, the administration said it had to face some realities, which were all wrapped in answers to some other questions.

The origin of the Backward Integration Policy in the cement industry in Nigeria was as controversial as all the phases that have accompanied its implementation till date. Under President Olusegun Obasanjo's administration, there arose an observation that the process of granting cement importation licences to importers was fast becoming something akin to the 'Cement Amanda Era' of the early 1980s.

Apparently worried by the near sole dependence on imported cement, the government, through a blueprint on the nation's potential in cement production, challenged investors, including those already in the business and sole importers, on the need to develop local capacity.



In 2002, the administration came out with the policy, which gave priority to local manufacturing development, but with a wide margin of complementary importation, at least, until there would be enough proof that manufacturers could meet local demand.

No fewer than 18 firms applied for and got licences to start "the process of local capacity building."

Some other questions followed. For instance: "Do Nigerian cement manufacturers actually have the needed capacity to meet local demand? How can the sector be encouraged to bridge the gap between demand, price affordability and supply without resulting into large-scale importation? And what should be the right incentive from the government if Nigeria is to attain its potential in cement manufacturing and supply, and thereby, present a competitive posture to a country like China?

These all formed the ingredients for the formulation of the 2002 Backward Integration Policy.

Specifically, the policy required that cement import licences should be given only to importers with proof of building factories for local manufacturing of the product. A period of three years was given to all players in the industry to comply with this requirement.

Following the introduction of the policy, various traditional cement importers began to invest heavily in manufacturing, by building new plants in various locations cross the country.

While the administration was determined to tackle the problem headlong with the Backward Integration Policy, it decided to space out its implementation. Of course, sector analysts believed that the decision by the government to adopt the policy might have been informed by the obvious lapses in infrastructure and energy requirements in the country.

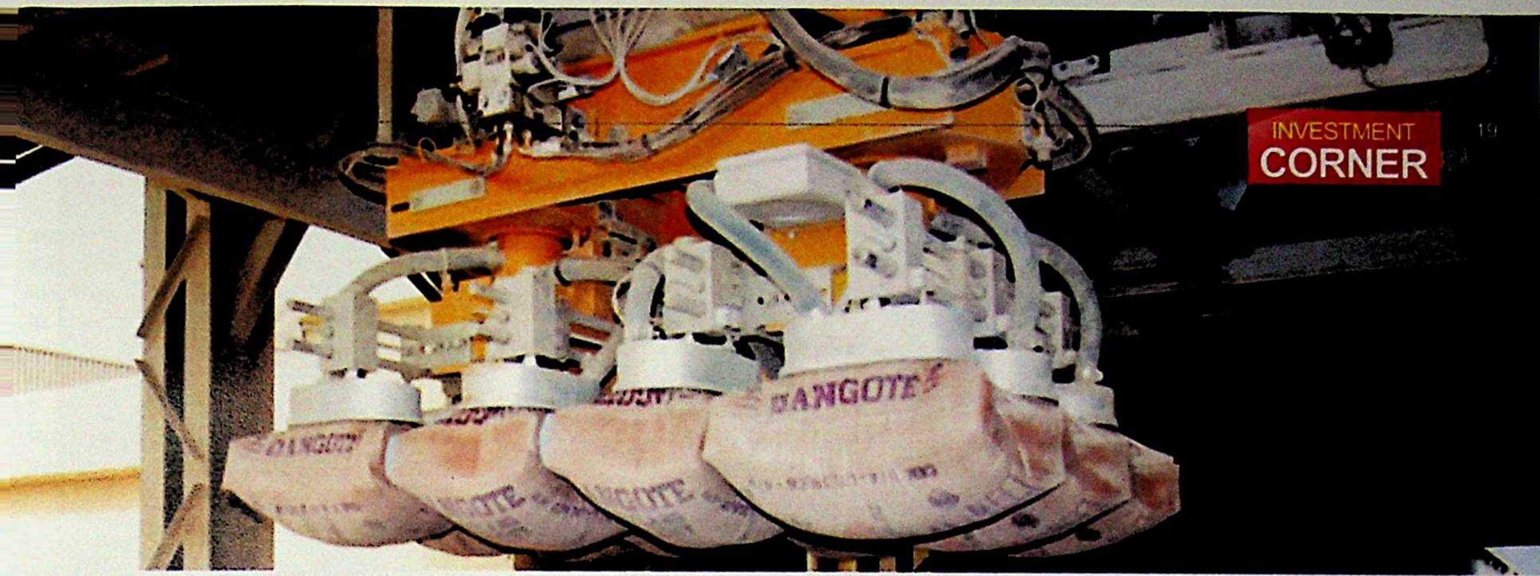
Within the first six years of the policy, no less than eleven million metric tonnes had been added to the existing capacity, according to the Cement Manufacturers Association of Nigeria, a sub-sector group within the Manufacturers Association of Nigeria.

The policy was pursued with great vigour between 2002 and 2008 with evidences of vast development in local capacity. For instance, as at 2008, Lafarge Wapco Cement Company Plc had invested €185m in capacity expansion. The move resulted in the addition of one million metric tonnes to its productive capacity in 2003.

Benue Cement Company also expanded with an investment of $400m, which resulted in production capacity of three million metric tonnes in 2004. In 2006, the Obajana Cement Plant came on stream as an additional capacity expansion project in the cement business. A sum of $1.2bn was invested in the new five-million metric tonne capacity plant. Ashaka Cement had a new investment lifeline of $150m injected into it by the new owners, Dangote Industries Limited, which resulted in a 300,000 capacity raise in 2008. Unicem in Calabar had $840m injected into its operation for capacity expansion in 2009.

Of all the capacity expansion drives, Dangote evidently led the pack. Between 2004 and 2008, the group's investment commitment to local capacity and the expansion drive gulped over $5.5bn.

The current production figures in its various plants as given by CMAN are: Sokoto Cement, 500,000 metric tonnes; Ashaka Cement, from 700,000 metric tonnes to one million metric tonnes as at June 2009; BCC, three



million metric tonnes; OCP, five million metric tonnes; and Unicem, one million metric tonnes as at 2008.

When WAPCO's two million metric tonnes' capacity was added to these, the local cement manufacturing capacity stood at 12.5 million metric tonnes as at the end of 2009.

Apart from the completed projects, some other projects under construction in the industry between 2008 and 2010 in pursuit of meeting local demand, according to CMAN, include WAPCO's $600m two million-metric tonne capacity new plant at Ewekoro; Dangote's $1.2bn Ibese plant with six million metric-tonne capacity; Ava Cement's 300,000 metric-tonne factory in Edo State; and BCC's $200m one million metric-tonne expansion project.

With a total investment of $3bn, the new plants were expected to take the local productive capacity to 14.3 million metric tonnes annually. With local cement demand put at 10 million metric tonnes as at 2008, the addition of this figure to the existing capacities would definitely ensure that local cement productive capacity outpace demand by 2011.

However, between 2009 and part of 2010, a free-for-all importation policy on bulk cement did not only succeed in putting the massive investments in the sector in jeopardy, but failed to bring down the prices of bagged cement in the country.

This happened despite the fact that speculators with no known evidence of having manufacturing plants or intention were issued import licences. Then, floating packing ships from China and other developing Asian countries were allowed to come and dump cement in Nigeria, with little or no value addition to the nation's economy.

Analysts were worried about the trend, especially its effects on the nation's industrial and economic future. In the first instance, the policy of liberalised cement importation regime appeared to have compromised the country's industrial development, as it seemed to have shifted focus away from the major problems of industrial operations in Nigeria.

Besides, it appeared laden with a discouraging bend as local manufacturers were already confused over the fate of old and new investments in the sector. The implication being that new investors were being scared away from venturing into the sector. Despite the nation's comparative advantage, old investments were at the risk of failing.

A major plank for industrial revival in the country remains the resuscitation of infrastructure and the energy sector.

About 17 months ago, Dr. Goodluck Jonathan "reversed the reversal to the pre-reversal status," according to an industry analyst,.

Of course, he came into the policy review with charges and challenges to look dispassionately into the circumstances surrounding the whole gamut of cement production, sales and importation on the nation's economy.

Going back to the policy, with clear mandates to operators to deliver on promises of meeting national demand by 2011 (with marginal allowance for controlled supplementary imports in the meantime) as well as ensuring a pocket-friendly sales regime for cement, Jonathan charged local manufacturers on the need to ensure that by 2011, there would be clear evidence of Nigeria's evolving capability to meet local demand.

The formal inauguration of Lafarge WAPCO's €350m latest plant, Lakatabu, in December 2011, with an additional injection of 2.5 million metric tonnes to the national cement productive capacity gave fulfilment to the pledge by manufacturers.

This is in addition to the earlier 1.8 million-metric tonne Ewekoro Plant I made between 2002 and 2008. Besides, Dangote Cement Plc is expected to inaugurate the six million-metric tonne Ibese plant any moment from now.

This, coupled with its five million-metric tonne Obajana Cement Plant inaugurated four years ago, has banished fears of a possible shortfall in demand if the Federal Government should stop complementary importation.

As the policy guideline stipulates, an end seems in sight, with local production matching demand in figures.

Aganga

We're repositioning Trade and Investment Ministry to attract investment, create jobs – Kigbu

The Permanent Secretary, Ministry of Trade and Investment, Mr. Dauda Kigbu, spoke to the Trade and Investment Today team, led by its Editor-In-Chief, Mrs. Yemi Kolapo, on the new mandate of the ministry. Excerpts :

With the creation of the Ministry of Trade and Investment by President Goodluck Ebele Jonathan (GCFR), what steps have you taken so far to reposition the ministry to be able to achieve its new mandate?

So far, the ministry has taken good steps to reposition itself to carry out the very important assignment of creating the enabling environment to stimulate domestic investments and attract foreign direct investments into all sectors of the economy; facilitate trade in goods and services and maximise the benefits of international trade through functional bilateral and multilateral trade relations with other countries. We are also working on accelerating the growth of the industrial sector; enhancing productivity and fostering the development of Micro, Small and Medium Enterprises (MSMEs) as the engine of economic growth and development.

As you are aware, the ministry was formerly called the Ministry of Commerce and Industry. However, given the Transformation Agenda of Mr. President and the new focus of the Federal Government, it is expedient that we focus more on investment by bringing in foreign investments into our country and also ensuring that even the local and foreign investments that are already in the country are expanded.

In order to achieve this objective, we have taken more steps in terms of restructuring the ministry.We are now working on the creation of an Investment Department, which will solely be responsible for investment policies. The Nigerian Investment Promotion Commission is now an agency under the ministry, as the implementation arm of the new investment policies for the country.

Trade and investment are now an integral part of your ministry due to its expanded mandate. Generally, funding is crucial for success in this regard. How are you pulling through this challenge?

Well, funding is a global challenge. Therefore, it is not peculiar to Nigeria because, all over the world, resources are generally limited. For us in Nigeria, what we do is that we try to prioritise to be able to use what we have to chieve our goals. I am not aware that funding vill never be a limitation anywhere. The two ninisters in the ministry have come together o ensure that whatever funds accrue to the ninistry is judiciously used to achieve our nandate. However, I must say that the ederal Government has been very upportive. So, we will try to deliver on our nandate within our available resources.

One of the units in your ministry, Weights nd Measures, has been upgraded to a full-edged department. What should we xpect as gains for Nigerians with this nove?

Ve have received Mr. President's approval for Veights and Measures to become a full-edged department. This was a division that ad not been very active in the past, but now, it s going to be very active. It will ensure that nere is value for money so that every onsumer will get value for what they pay for. lso, it will carry out quantity examination. We re in the processes of engaging more hands o be able to go to the field.

What we are planning to do is to take a ensus of our staff in the Industrial evelopment Centres because, as we are ware, those centres will be taken over by the mall and Medium Enterprises Development gency of Nigeria. As soon as they are taken ver, the excess hands will now be assessed o know if they will fit into the Weights and leasures Department. Tests are being run nd other recruiting procedures will be given y the Civil Service Commission.

As I speak with you, we have fixed the es and we have established our bank ccount where government's revenue will be aid .We hope that once the processes have een concluded and we are active in the field, e are looking at an estimate of between 20bn and N80bn as revenue that will be enerated for the Federal Government.

tracting FDIs into all the sectors of the onomy is one of the major mandates of ur ministry. What are your strategies in rms of building capacity towards hieving this mandate?

ell, as you know, this ministry is like a ilitator and gateway to Foreign Direct estment. The investment comes in erent forms across all the sectors of the onomy. It may be in oil and gas, solid erals, agriculture or any other sector of the nomy.

So, our duty, as the supervisory ministry, direct these investments coming into the ntry to the appropriate places. Already, we e baskets of incentives for investors such pioneer status, as well as tax holidays, among others. So, until investors get here,they may not know what is available in terms of opportunities and incentives. Once they come, we will link them up with the relevant agencies or ministries that are responsible for the particular sector that they want to invest in.

All ministries have given their one-year score card, with analysts and stakeholders particularly scoringthe Ministry of Trade and Investment high. But we know that there are some ongoing reforms as well as strategies that have been put in place by the ministry to create jobs, generate wealth and enhance economic growth. How far do you think these will impact on the living standards of Nigerians by the end of Mr. President's tenure?

Obviously, at the end of this administration, we will like to see a transformed country. We want to be better than where we are today. From our different programmes, whatever this ministry does, we do through the different agencies and parastatals that are under the ministry.

For instance, the Industrial Training Fund has a matching order to identify gaps in any industry and then match industrial demands in terms of skill gaps. It will identify the needs of various industries and then work on how to fill them.This way, we hope to impact greatly on the area of job creation. We have other agencies and Parastatals that will help us to achieve this objective. As a country, the best way to create jobs and generate wealth for our people is to diversify our economy.We are expecting additional contributions from the agricultural sector in terms of Gross Domestic Product; but in terms of revenue, we want to generate our revenue from non-oil, that is our mission. And by doing this, jobs will be created and wealth will be generated.

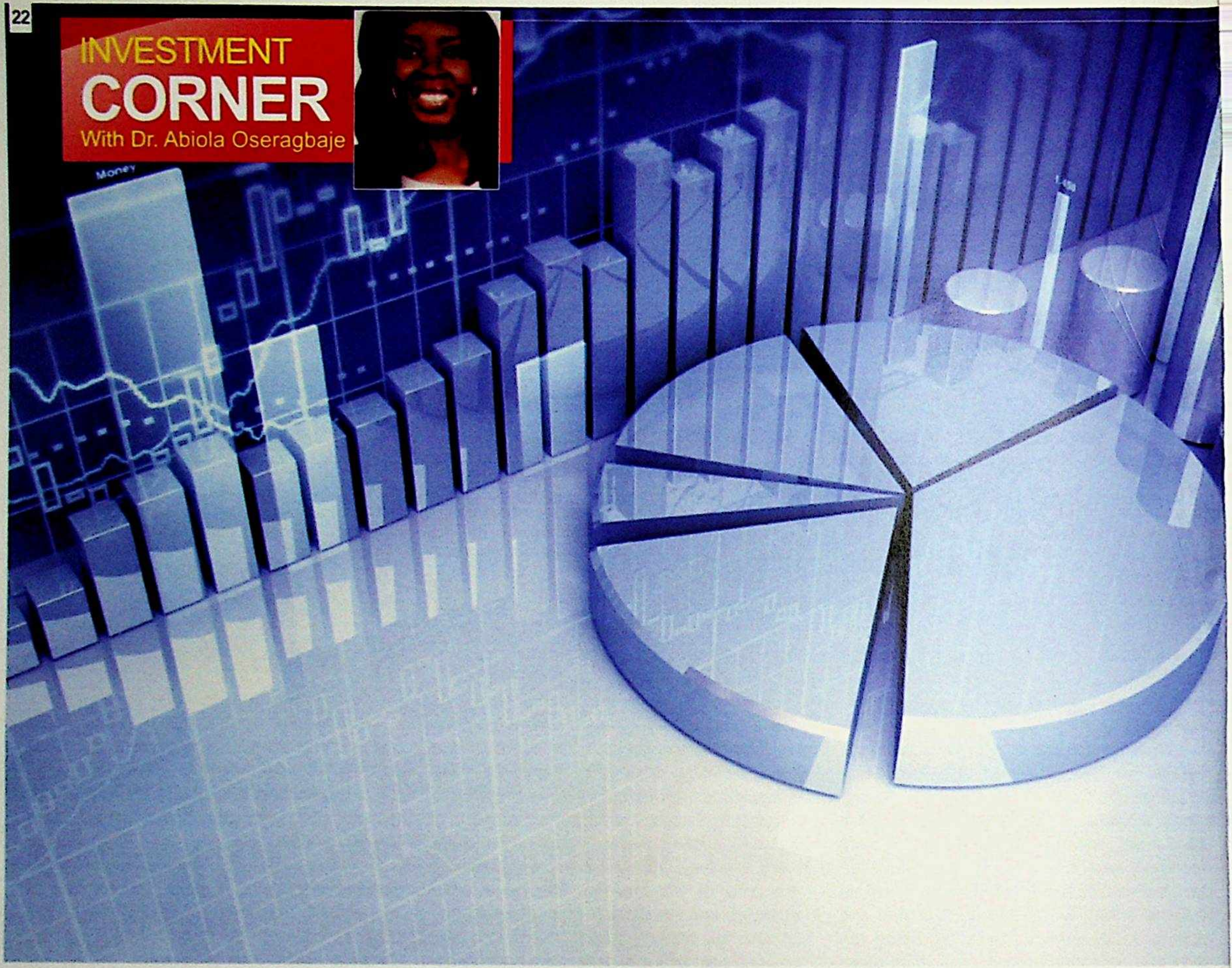
On a last note, where do you see the Trade and Investment ministry and the country at large, at the end of this administration?

I see the Ministry of Trade and Investment at the end of this administration at the heart of the Nigerian economy. What we are trying to do is to create an investment climate reform programme that acts as the catalyst for attracting investment across all sectors of the Nigerian economy. Through this, we intend to relax the system, promote investment and promote the ease of doing business through the One-Stop-Investment Centre in NIPC. We are working to ensure that the OSIC helps investors to complete all the processes and procedures for business registration within 24hours. The business advisory service desk is also there.

We want to make every staff of the Ministry of Trade and Investment marketers of investment for this country so that, right from the airport, the aviation staff, the Customs Service and others will be involved in marketing Nigeria. These reforms may look trivial but they are very important in terms of the kind of impression they create in the minds of the investors. If we are able to create the right impression about our country, I can assure you that Nigeria will attract huge investments.

Don't forget that Nigeria is one of the largest economies in Africa and the kind of population we have, which is about 167 million; we have the market, labour etc. So, Nigeria, within the next three years, will become a natural choice for any investor because if you look at our return on investment, which is between 30 per cent and 45 per cent, it is one of the highest in the world. You cannot get this anywhere else, particularly in Europe and America. So, Nigeria remains the best place for investment.

Director (Trade) Mr. David Adejuwon, Mr. Shebi El Khayatt, The Permanent Secretary, Mr. Dauda Kigbu, Leader Of The Delegation Mr. Ranjeev Menon, Mr. Segun Abayomi And Mr. Rajeswar Govindan During The Investors Visit To Discuss Investment On Logistics And Infrastucture In Nigeria At The Ministry Headquarters In Abuja



INVESTMENT CORNER
With Dr. Abiola Oseragbaje

This 'corner' seeks to inform readers about global and local investment positions - where we were as a country, where we are now, where we want to be and how to get there. We will highlight success made since the creation of the Federal Ministry of Trade and Investment and also disclose hot investment opportunities waiting to be tapped and how to explore them. We want to make this journal as interactive as possible, which is why you (readers) will be given the opportunity to ask questions and make suggestions in the space below. Please read on:

Global fact:

Global Foreign Direct Investment is expected to hit $1.9trillion by 2012, according to the latest statistics on World Investment Report 2011, released by the United Nations Conference on Trade and Development. From various informed analyses, Nigeria may account for a substantial part of this figure.

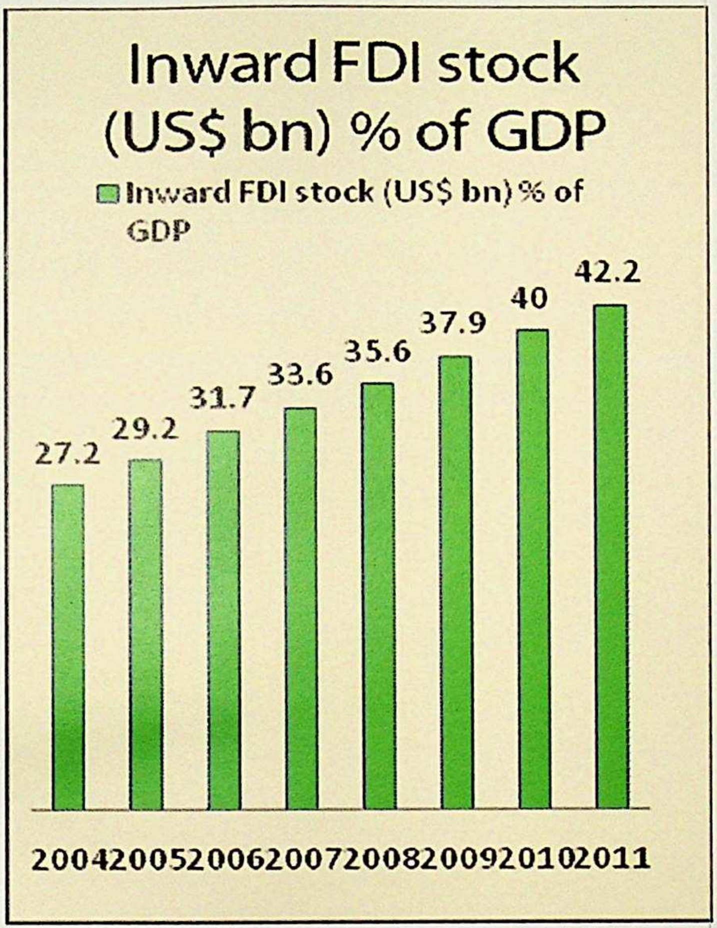
The Citigroup – renowned, global financial services company with Headquarters in New York – recently released its report on the next group of 11 countries in the world with the most promising economic growth prospects, stating that Nigeria is one of 11 countries in the world with great prospects for economic growth.

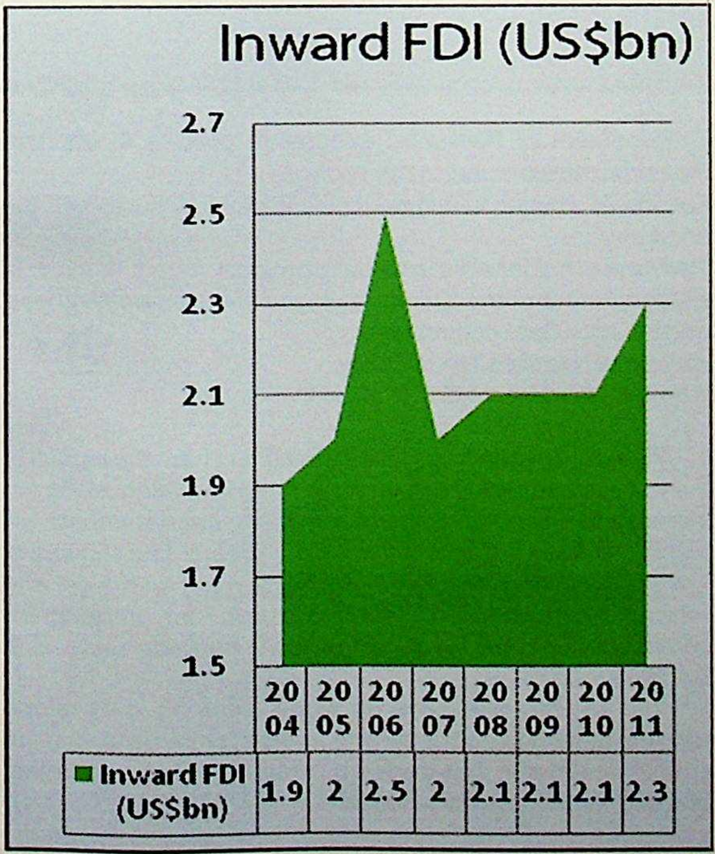
These group of 11 economies, which have been described as the "Global Growth Generators" or "3Gs", due to their "sources of growth potential and of profitable investment opportunities" are: China, Egypt, India, Indonesia, Iraq, Mongolia, Nigeria, Sri Lanka, Philippines and Vietnam.

Citigroup said in the report, published in nigeriansabroad.com, that it had "identified the 11 countries, which have the most promising growth prospects as Bangladesh, China, Egypt, India, Indonesia, Iraq, Mongolia, Nigeria, Philippines, Sri Lanka and Vietnam. They are our 3G countries."

Specifically, Citigroup predicted an average GDP growth of 6.9 percent for Nigeria, which is the highest among the group of 11, over the period of 40 years (2010 – 2050).

Undoubtedly, Nigeria has recorded significant strides in FDI inflows within the last eight years. Despite the ongoing global economic downturn, statistics from the Central Bank



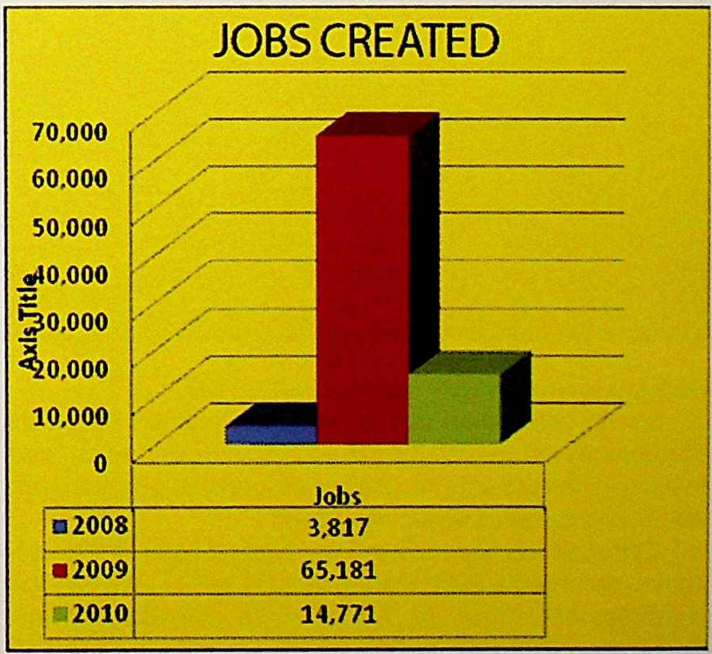


of Nigeria, UNCTAD and the Economist Intelligence Unit, show that Nigeria has remained a major recipient of FDI when compared with countries within the African sub-region.

Inward FDI increased from $2.1billion in 2010 to $2.3billion in monetary terms, according to the Economist Intelligence Unit's World Investment Prospects. This shows greater confidence in the environment and highlights Nigeria's potential.

FDI's contribution to job creation

FDI inflows have had a positive impact on the Nigerian economy. Between 2008 and 2010, 130 new companies and 83,769 additional jobs have been created through FDI inflows in different sectors of the economy. This has been made possible through the provision of an investment-friendly climate, the one stop shop investment centre and various investment incentives by the government. As a result of this, economic activity in Nigeria has increased and unemployment rate reduced considerably.

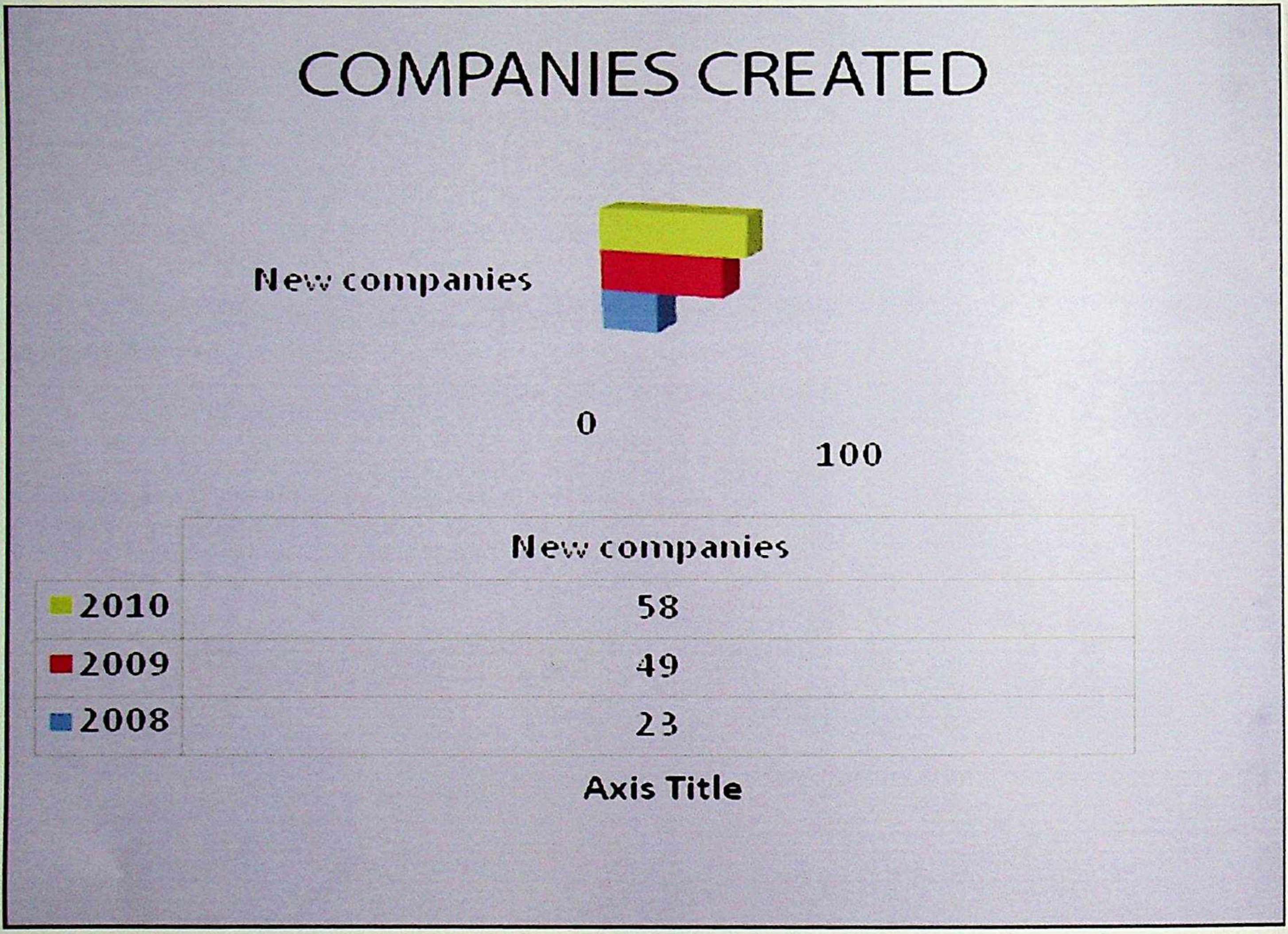


Country Analysis of FDI in Nigeria (project source)

Nigeria's highest foreign investment comes from the United States, owning 18.2% of the total FDI in the country.

Comparatively, Nigeria has attracted more FDIs than other African countries. However, there is the need to fast-track the growth and development of the economy by attracting more FDIs into the country in order to create jobs, generate wealth and generally transform the economy.

Records and experience have shown that FDI inflows help countries to grow their GDP and compete favourably at the global market place. Nigeria is not an exception. Countries, which have relatively high inward FDI, usually



have low unemployment rates (see tables below).

It is in recognition of this fact that President Goodluck Ebele Jonathan created the Ministry of Trade and Investment to bring in investments into the country, create jobs, generate wealth and enhance economic growth.

China, which has received the highest FDIs in the table above, recorded US$92.9billion in 2011 with a relatively low unemployment rate of 4.3%, while Nigeria's inward investment was US$2.3billion, with an unemployment rate of 21.10%.

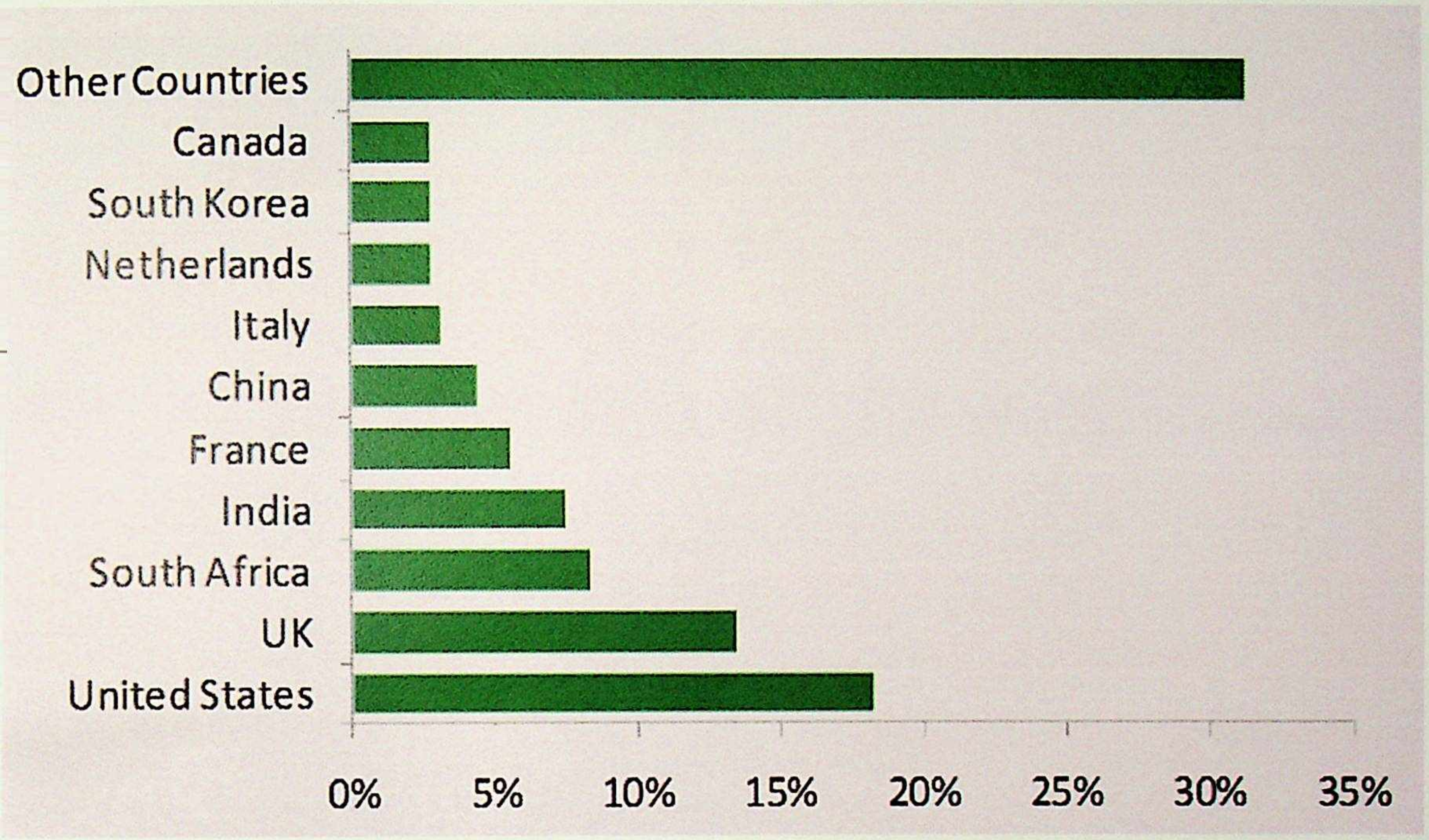
Right now, the Federal Ministry of Trade and Investment has commenced the following reforms to drive more investment into Nigeria.

Current investment reforms

Investment Climate reform – partnering with DFID and UNIDO
Development of Trade and Investment Desks globally
Establishment of Trade and Investment Councils with international counterparts
Establishment of the Nigerian Industrial Development and Investment Promotion Fund
Development of Backward integration policies to improve industrial development in key sectors
Reform of existing investment policies for key sectors of the economy
Removal of bottlenecks in flagship projects.
Establishment of the 'Doing Business and Competitiveness' and Investor Care committees.
Review of Nigeria's Trade Policy.
New Industrial Revolution Plan on the way.

Already, Nigeria has started benefitting from the impact of the various trade and investment reforms as evidenced by the increase in inward investment. However, greater impact will be fully realised in the next three to five years. The Ministry of Trade and Investment is constantly meeting with local and foreign investors and has secured an investment commitment worth over N4.9trillion between July and December 2011.

The Ministry will leave no stone unturned in its efforts towards attracting both local and foreign investments into the country in order to fast-track job creation, wealth generation and economic transformation.


Other Countries
Canada
South Korea
Netherlands
Italy
China
France
India
South Africa
UK
United States
0%
5%
10%
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20%
25%
30%
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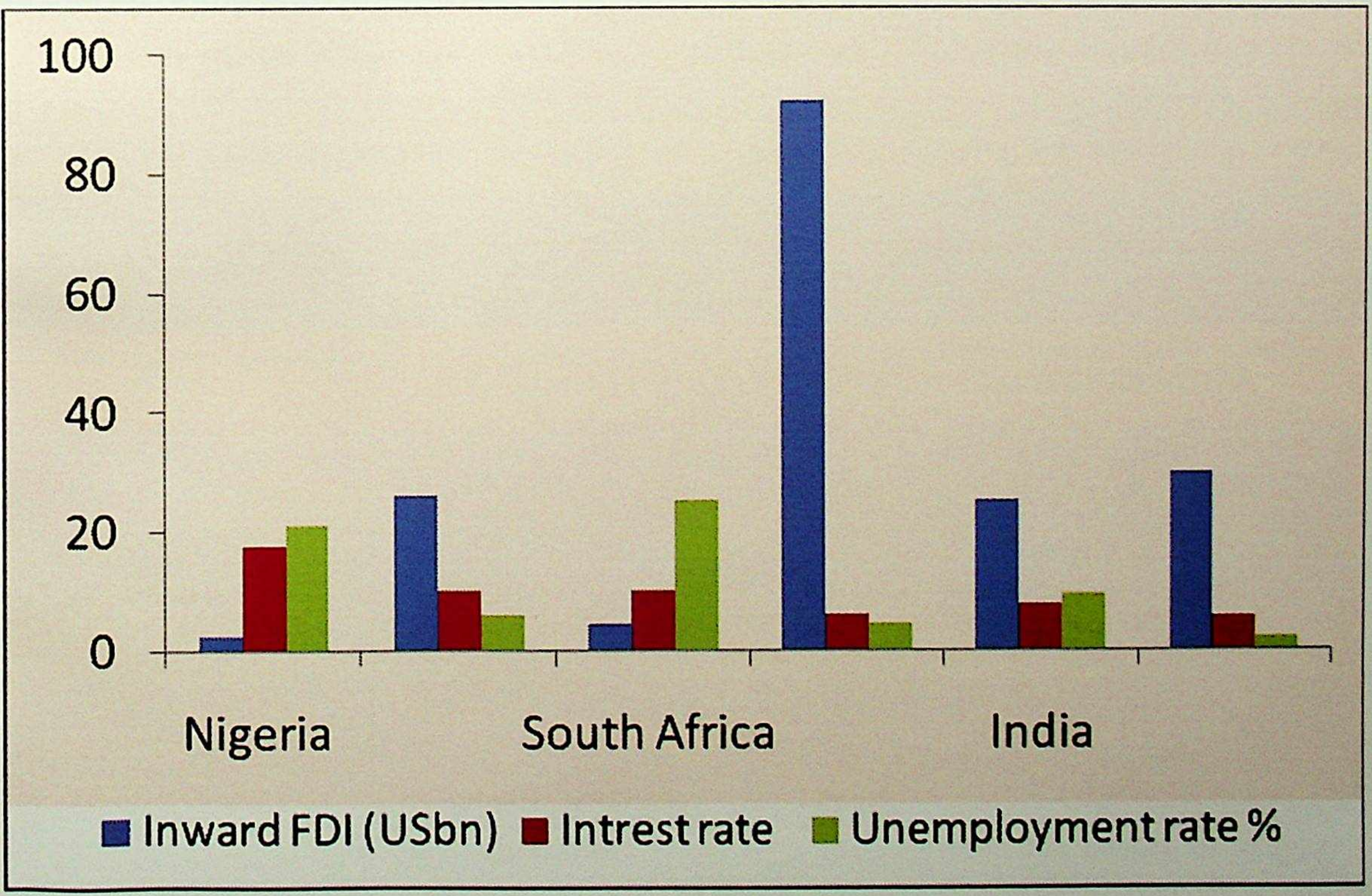

100
80
60
40
20
0
Nigeria
South Africa
India
Inward FDI (USbn)
Intrest rate
Unemployment rate %

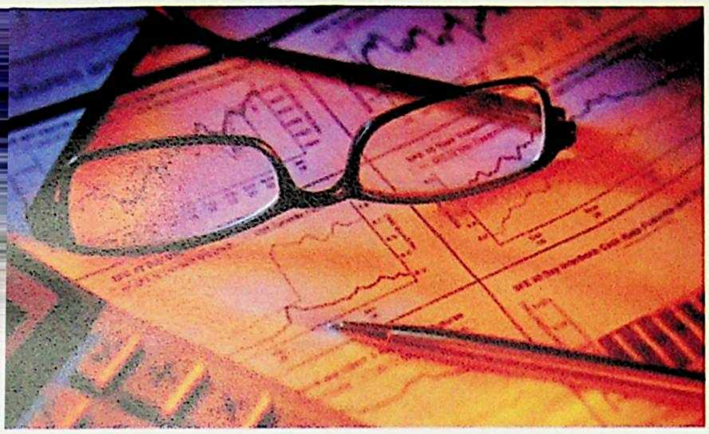
Country Comparison

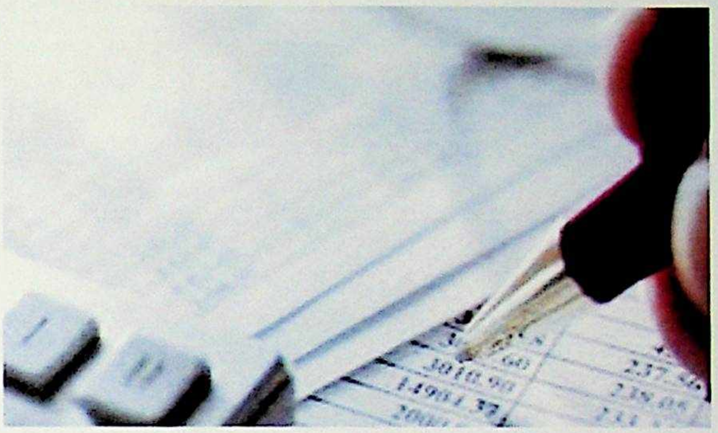
Country	Inward FDI in (US$bn)	Interest Rate	Unemployment Rate %
Nigeria	2.3	17.6	21.10
Brazil	26.0	10	5.80
South Africa	4.5	9.8	25.00
China	92.9	5.8	4.30
India	25.0	7.5	9.40
Singapore	29.8	5.4	2.00

Countries which attract low levels of FDI show comparatively negative unemployment statistics

Impact and investment gap against Nigeria

	Inward FDI gap (US$bn)	Unemployment gap	Interest rate gap
Brazil	+23.7bn	+15.3%	-7.6%
South Africa	+2.2bn	-3.9%	-7.8%
China	+90.6bn	+16.8%	-11.8%
India	+22.7bn	+11.7%	-10.1%
Singapore	+27.5bn	+19.1%	-12.2%

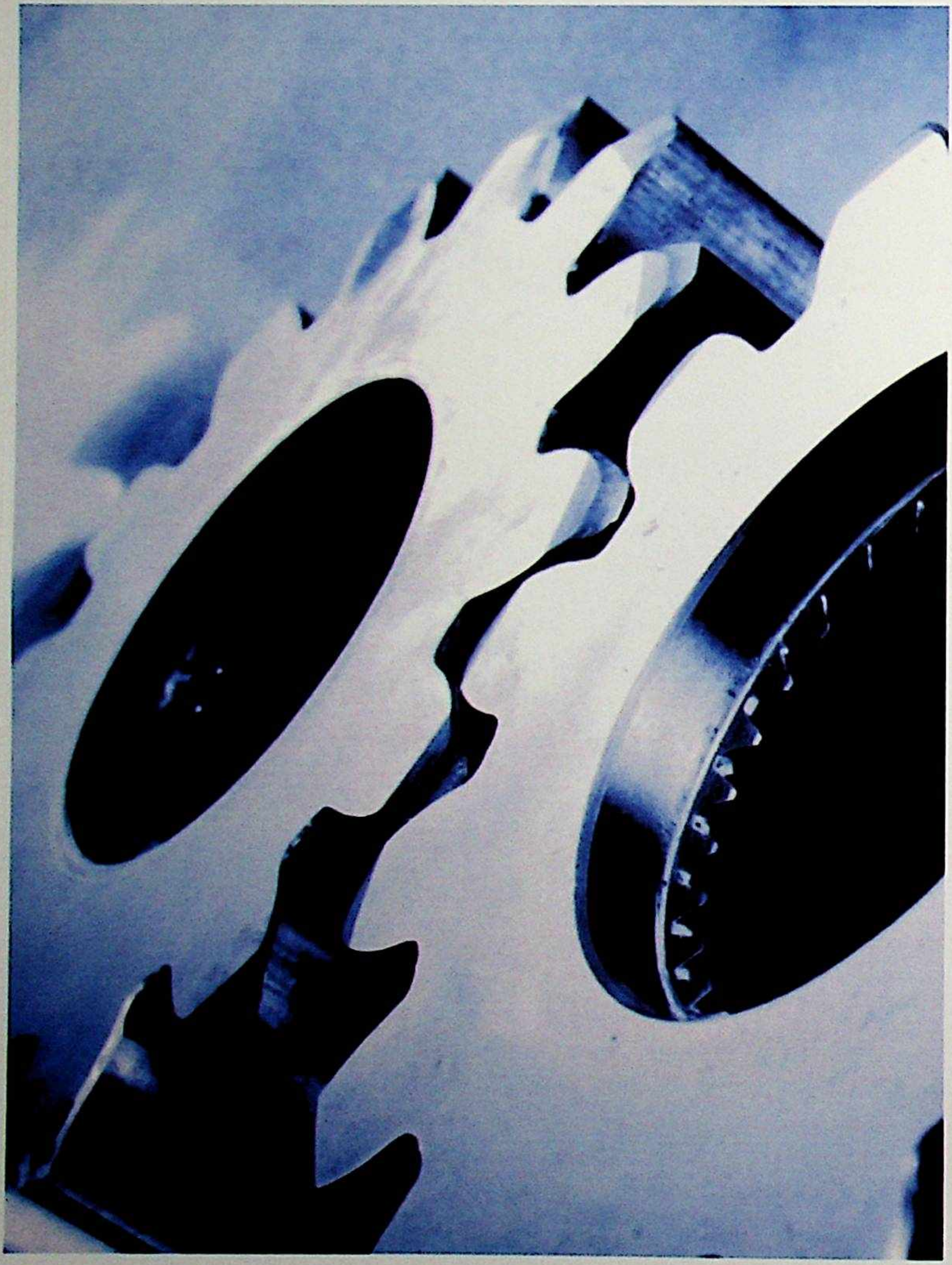




IMPACT AND INVESTMENT GAP AGAINST NIGERIA

Short-Term Impact	Medium-Term Impact	Long-Term Impact
Increased confidence in the Nigerian financial market	Accumulation of Foreign Reserves	Positive effect on balance of payment
Strong consumer supply and competitive price	Robust Nigerian Banks	Increased FDI due to high returns on investment
Increased capital inflow into the economy	Enhanced domestic savings and capital	Improved infrastructure
Increased supply of consumer goods	Job creation	Increased standard of living and reduced unemployment rate. Reduction in the poverty gap between the rich and the poor
International presence	Technology spill-over and transfer of skills	Promotion of tourism and increased FDI inflow
International partnerships Such as the Australia-Nigeria Trade and Investment Council signed in September 2011 by President Goodluck Ebele Jonathan and his Australian counterpart.	Access to the global market and competitive consumer price	Increase in skilled workforce and literacy rate, which will, in turn,lead toincreased quality and quantity of the Nigerian workforce. Potential future employers, which can increase the provision of jobs in the country and lead to multiple income for households.
	Increased GDP and economic activities	Reduction in crime rate and more tax payers to increase funds for development.

Repositioning the manufacturing sector for economic transformation



By Oyeronke Badmus

The manufacturing sector is, undoubtedly, critical for employment generation, wealth creation and improvement of the quality of life of Nigerians.

But over the years, the sector has been plagued by myriads of problems, including poor infrastructure resulting in high cost of production; declining capacity utilisation; weak technological support and low level of innovation, among others.

As a result of the foregoing, experts and stakeholders in the sector have expressed concern that this very important sector has not been able to take its rightful position as the driver of economic growth and development.

According to them, despite the country's abundant human and natural resources, the manufacturing sector's contribution to the nation's Gross Domestic Product hovers around four per cent, with capacity utilisation put at around 47. 2 per cent.

In order to reverse the trend, the Federal Government has initiated some far-reaching measures aimed at addressing the major problems militating against the sector. Part of the measures is to ensure that industrial centres are provided with uninterrupted power supply from 2013.

According to the Minister of Trade and Investment, Mr. Olusegun Aganga, the initiative is part of efforts aimed at reducing the cost of production; increasing productivity and enhancing the capacity utilisation of the manufacturing sector.

He said, "The idea is to make sure that the industrial centres have uninterrupted power supply, at least during the day, until the problem of the power sector is totally fixed.

"The Ministry of Power has identified nine cities, and the pilot has started in one city already. The move will reduce production costs and make Nigerian manufactured goods more competitive in the global economy."

He explained that the strategic thrust of the Federal Government's industrial revolution was to focus on areas where the country had comparative and competitive advantage, adding that the Ministry of Trade and Investment was committed to the promotion of private sector investments through the creation of a business-friendly environment, which would allow for substantial improvement in efficiency, productivity and profitability in order to make the sector the driver of the economy.

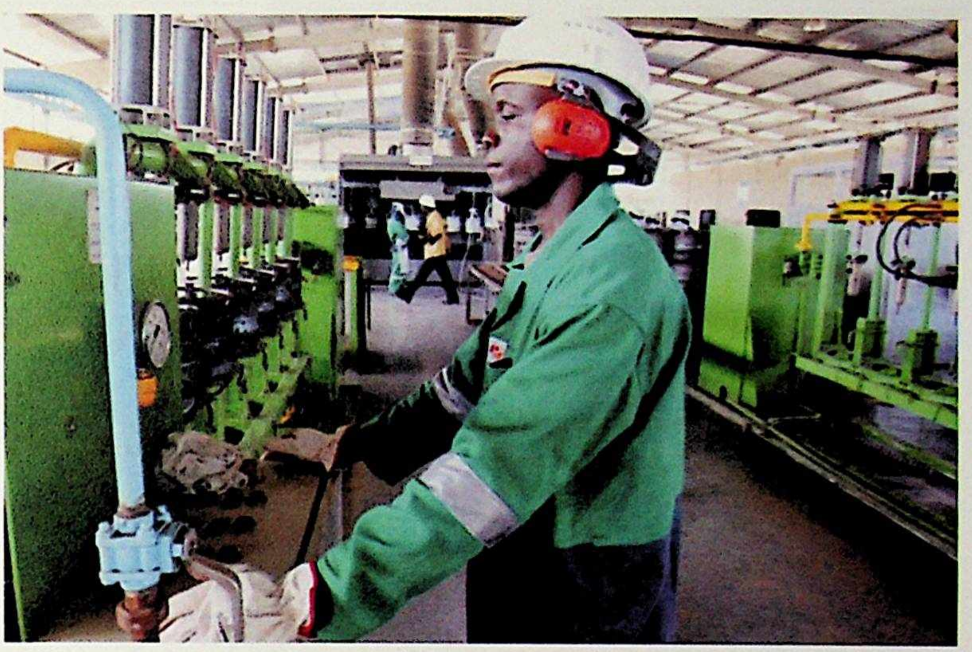
In order to achieve this, the Federal Government inaugurated a committee to formulate a new industrial policy framework that will drive the nation's industrial revolution.

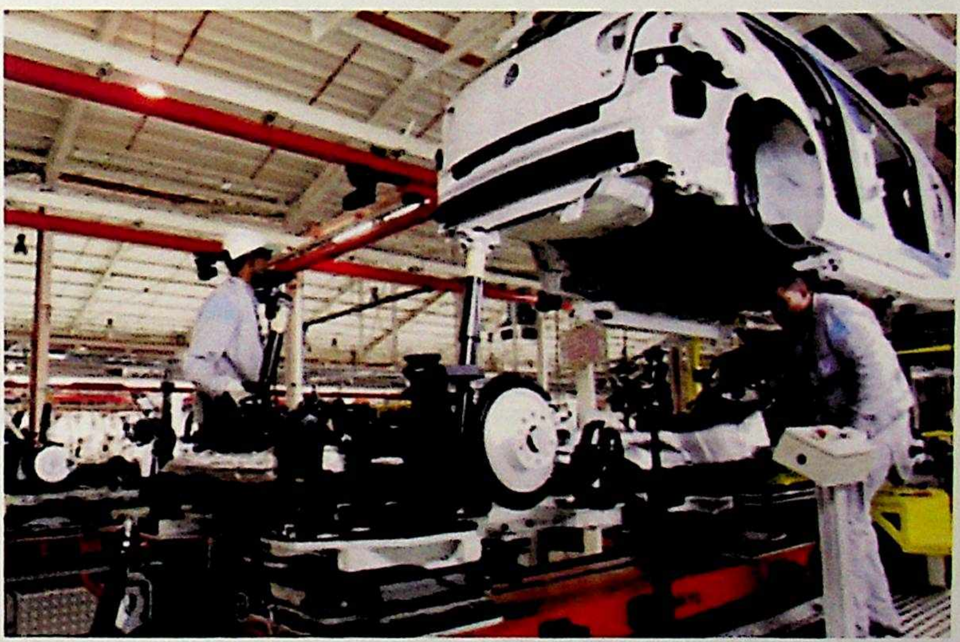
Membership of the committee, which is headed by Prof. Mike Kwanashe, a professor of Economics at the Ahmadu Bello University, Zaria, was drawn from the public and private sectors, including the academia, Manufacturers Association of Nigeria; Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture. Industry leaders in various sectors of the economy are also members of the committee.

Aganga said, while inaugurating the committee, that its terms of reference included identifying factors militating against the implementation of previous industrial policies; formulating sector-specific policies based on areas where the country had comparative and competitive advantages; proposing policies for the patronage of locally manufactured goods; identifying ways of enhancing the utilisation of raw materials for the production of intermediate and finished goods; and proposing specific policies for Small and Medium-scale Enterprises and Free Trade Zones, among others.

He said, "Nigeria's industrial sector has experienced some setbacks for some time now and has been afflicted by weaknesses arising from inefficiencies in the provision of public utilities. The energy crisis, excessive import dependence, lack of clear strategy for areas where we have competitive and comparative advantages and poor sector linkages are some of the factors that have exacerbated the problems of the sector.

"These afflictions have manifested in low capacity utilisation, low contribution to GDP, depleted financial base, high production costs and unemployment. The situation could be attributed to the fact that Nigeria's industrial development efforts since independence have been ad-hoc without a clearly defined pathway with definite targets and timelines."

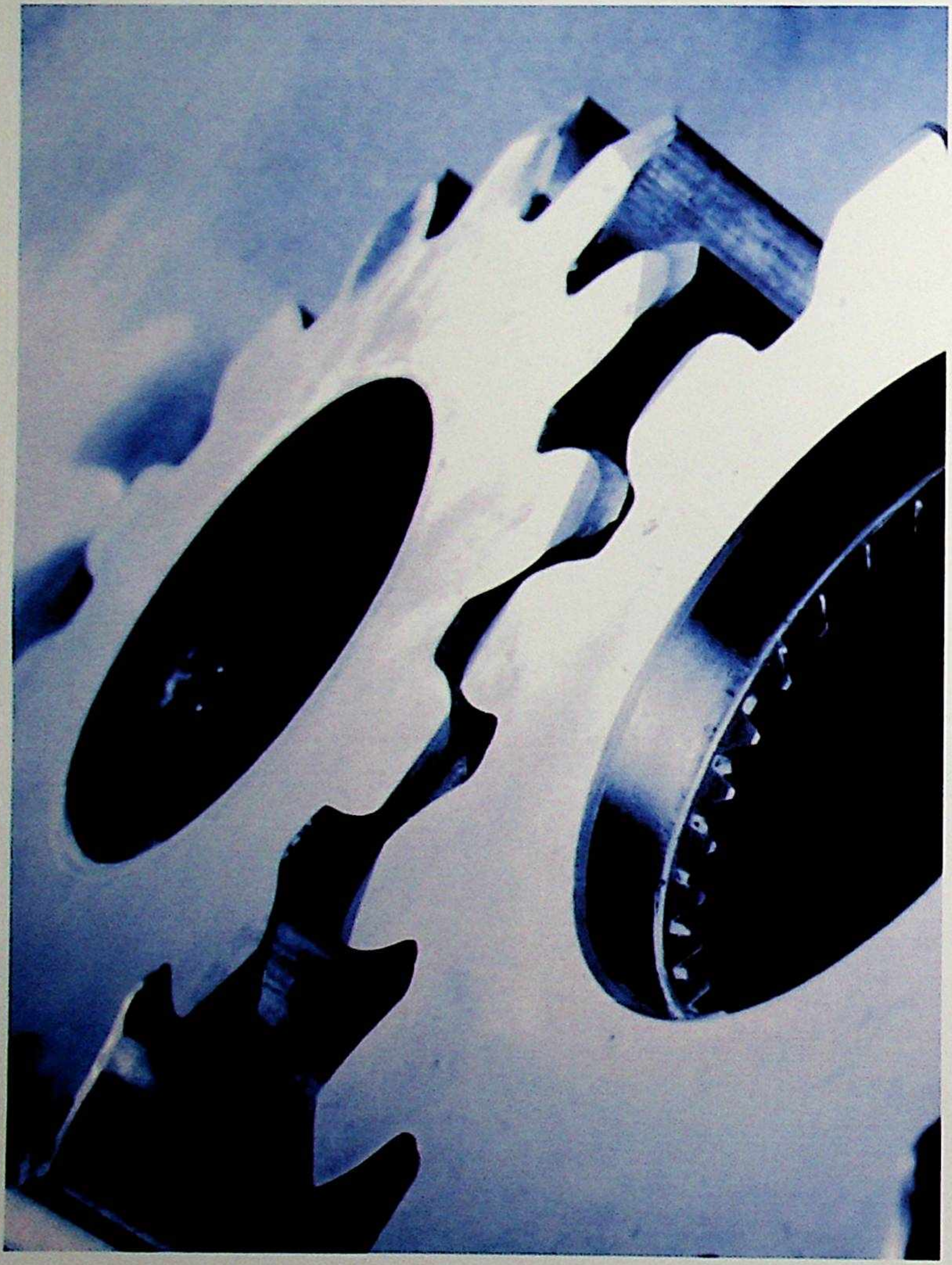




The Ministry of Trade and Investment therefore considered it most expedient to involve all stakeholders, including the academia in the conceptualization and formulation of the new Industrial Policy that would provide the framework for fast-tracking the country's industrial revolution and attracting investment into the critical sectors of the economy, especially where the country has competitive and comparative advantage.

The policy document will look at specific interventions in the areas of industrial infrastructure development, innovation and technology, improvement of the business environment through rationalisation and simplification of business regulations, development of appropriate technologies, especially green technologies for sustainable development, as well as a structured and institutionalised industrial skills development programme that will provide jobs for Nigeria's teeming youth.

Repositioning the manufacturing sector for economic transformation



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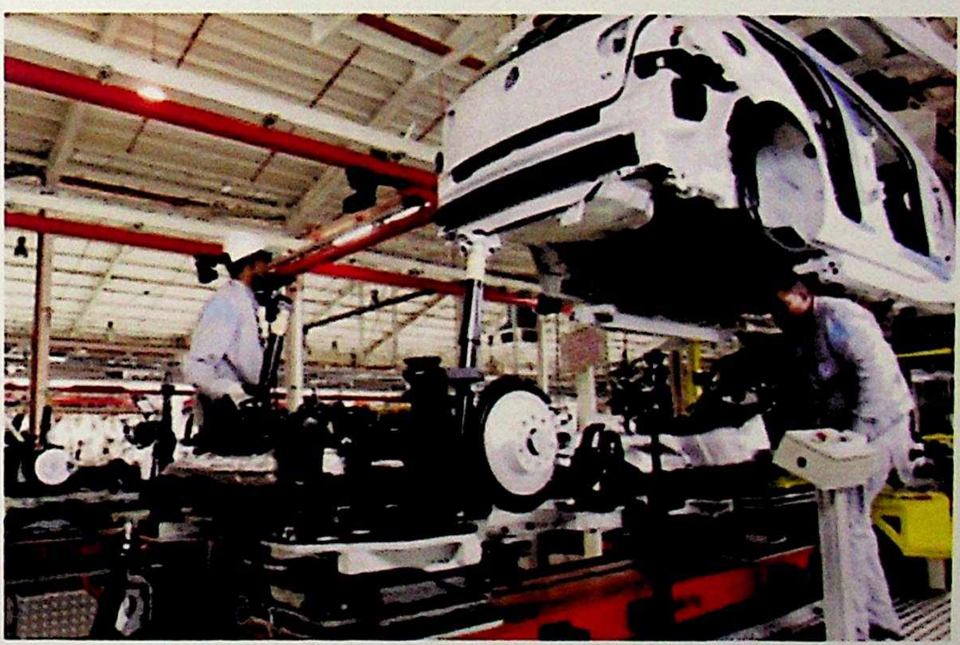

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This Industrial Revolution Plan is aimed at reviving and transforming the manufacturing sector into a dynamic and virile sector with the capacity to contribute at least 8% to the country's Gross Domestic Product by 2015 as against its current contribution of about 4.5%

To do this, the Ministry will focus on areas where the country has comparative and competitive advantage. These include:

- Agro-allied and Agri-business such as Leather, Textile, Oil Palm, Sugar, Food Processing, Fruit Juices and Concentrates, Tomato, etc.
- Mining and Minerals Allied Businesses such as Cement, aluminium, iron and steel and automobile.
- Petrochemicals such as Fertilizers, Methanol, Propylene, Ethylene, Plastics Industry, the Oil and Gas Industry, Refineries, etc.
- Linking Research & Development and Innovation as part of enhancing Productivity
- Institutionalising industrial skills development.

The Ministry of Trade and Investment also intends to remove the barriers to increased productivity, based on a research of failed/ailing industries already being carried out, with assistance from the Private Sector. The honourable ministers in charge of the ministry have also reiterated that the ministry will develop Backward Integration Policies (BIPs) in other key sectors of the economy to replicate the success story of the Cement Sub-sector.

Speaking on the significance of the new policy to Nigeria's industrial revolution, the National President, Manufacturers Association of Nigeria, Chief Kola Jamodu, said the formulation of a new industrial policy was critical to achieving economic transformation through industrialisation.

He said, "This initiative couldn't have come at a better time than now. This is the right step in the right direction. Without a clear-cut policy on different sectors of the economy, it is difficult for you as a manufacturer to make long-term investment decisions.

"Therefore, the new industrial policy will go a long way in fast-tracking Nigeria's march to industrialisation. We will do everything to support the initiative."

Similarly, the Federal Government is proposing a local patronage bill to protect Nigerian manufacturers and stimulate industrialisation.

According to the Minister of Trade and Investment, the bill will enable local producers to source their materials in the country and ultimately create jobs to plug the unemployment gap.

He said, "The lack of patronage of products produced locally is one of the reasons for the (industrial sector's) low capacity utilisation and contribution to the GDP. We will work with the industries to enhance their productivity, improve the quality of their products and ensure that we significantly reduce the importation of substandard products as we work to achieve zero tolerance in this area.

"We are already working on a local patronage bill that will ensure that made-in-Nigeria goods are patronised. We are going to help enhance the production capacity of the industries so that they will be able to satisfy local consumption and also export. Once manufacturers have good market for their products and produce in a business-friendly environment, jobs will be created and wealth generated. That is the way you create jobs and industrialise a nation."

Arch. Musa Sada, Hon. Minister of Mines & Steel Development

Trade & Investment Ministry has Bridged the Gap Between Mining Sector and Investors – Sada

The Minister of Mines and Steel Development, Architect Musa Sada, says the creation of the Ministry of Trade and Investment has helped to attract good investment into the mining sector. He spoke to the TIT team.

Many Nigerians, maybe ignorantly, still say that despite the ongoing mining reforms, the processes involved in obtaining mining licences are still cumbersome. What is your ministry doing to ease the process or to change things?

It is not true that things have not changed. It may be due to the mistake people make while submitting their applications. Before we register your submission, we must have checked to be sure that you have satisfied the requirements for making the submission; and when everything requested of you has been checked and okayed, that is when it is registered and you are given a number.

But sometimes, people will come with their coordinates trying to crosscheck whether as we speak a mineral site is available or not and they will think that they have started their applications from there, which is wrong. Some will not also take care of the most important thing, which is to ensure that nobody has already applied for that place and other things. Also, it is part of the requirements of obtaining a licence to get the consent of the communities that have the minerals that you want to explore, this is for exploration licence and it is a way

...of encouraging these communities.

Another major problem at this stage is that some investors will go to the communities to get the wrong consent. They may just go to one chief and corner him up for consent and bring it to us to process. At the end of the day, even if we give them the licence, they will have a very big challenge with other members of the communities, which may lead to take-over by the communities.

All these problems made us to create and establish our own standard way of getting consent. At the end of it all, you will have to get the necessary stamp from the local authority controlling that particular area.

So, what is really happening is that people submit applications that are incomplete or that cannot be processed further. On the other hand, a complete application also has a timeline and we have put the timeframe in writing. If we did not want to keep to time, we would not put it in writing. We have a flyer that will be given to investors at the reception, which includes all the requirements and timelines. The flyers are free for all. All these were not in place before.

Also, in the area of title administration, we have gotten commendations from people that the process before was not as good as it is now. It is as good as you can find anywhere now. Most of the guidelines were adopted from some of the best operating offices.

Would you say that the creation of the Federal Ministry of Trade and Investment has helped in anyway to facilitate investments into critical sectors of the economy, particularly the mining sector?

As a minister, I have realised that it is very important to bridge the gap between the sectors of the economy and investors. Also, one of the things that I have always talked about is how to promote investment in mining.

I received a complaint sometimes that some Japanese investors came with $100m to invest in mining, and at the end of the day, they went back to their country with their money. They had to go back because mining is not buying and selling; you need to consider the initial risk of doing exploration because that initial risk has no returns.

But now, the Federal Ministry of Trade and Investment is involved and is helping to fill the gap needed to be filled between the mining sector and investors. We have no choice but to work with the ministry in order to bridge this gap.

The ministry has the expertise to bring out how good an investment is going to be and what will come out of it. After telling the Trade and Investment ministry about what is available, we will then rely on it to do the calculations and carry out the investment promotion, based on its judgment because it is the ministry that understands where, what and how an investment should be.

So, the ministry is one of the best things that have happened to the economy of the federation because people are now being informed appropriately about how the environment is and how to invest. We are not just looking at one side of business; we are looking at it holistically.

For instance, in the solid minerals sector, it is the Ministry of Trade and Investment that will realise how best we can boost this sector and look for the best investment corridors and value addition for the sector.

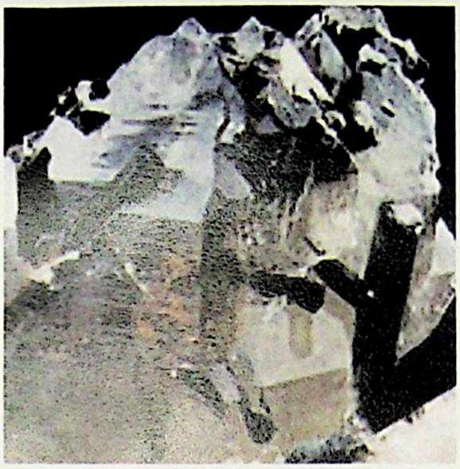
Apparently, most miners are not looking in that direction now, they are waiting for the Chinese and others to come and pay them peanuts. They already think that is good enough for them, whereas that is not how it is supposed to be. There should be some centres where the minerals should be based so that the people will come and work there and earn their money instead of getting peanuts.

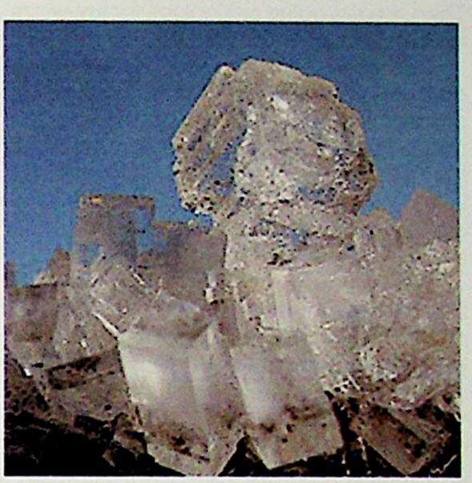
This is a ministry that has realised that there are opportunities like this and will bring this interface to people. It is the Ministry of Trade and Investment's current drive that has made people to understand that sufficiency could be traced back to mining. Initially, we were only bothered with iron ore, limestone and red copper, among others, but because we need to bring industrialisation into the country, we had to go wider.

"It is not true that things have not changed. It may be due to the mistake people make while submitting their applications. Before we register your submission, we must have checked to be sure that you have satisfied the requirements for making the submission."

We are blessed with solid minerals and we cannot keep their accurate value, but if you look at them in an investment atmosphere, they will provide more jobs and other things because the value addition is maximal.

For instance, if you take a bit of diamond, it requires just one person at each stage to work on it. But if you take a tonne of limestone, you can imagine the number of people that will work on it in the production line. So, the Ministry of Trade and Investment is a chain that comes between one interface and the other.





Many investors are interested in the mining sector in Nigeria, particularly the steel industry. What is the strategic focus of the ministry in bringing the Ajaokuta Steel Company back on stream, knowing that the steel sector is important to industrial development?

What we want to do is to make sure we put the right environment in place for the right people to come and operate this industry. One of the major issues in Ajaokuta is raw materials, and we have hired companies that will supply raw materials. So, we are on the verge of concluding arrangements with investors to come in and do a programme with iron ore. We just received the final approval from the Ministry of Justice on the draft Memorandum of Understanding that we are supposed to do with them. We also want to make sure that the security of raw materials is put in place, the investment climate is also there, and currently, the Ministry of Transport is already addressing some of the issues on transportation.

The rail line that connected Ajaokuta to the Abuja airport is currently being completed by Julius Berger Plc. This current government is not doing anything politically now and there is always a link between one step and the other so that when we take off, we will do things correctly. For instance, like I told you, even if Ajaokuta is 100 per cent okay, right now, we cannot produce steel because we don't have the security of raw materials.

Delta Steel is also facing the same challenge. Delta Steel is completed but the issue of raw materials has not been concluded. We need to look inward and outward before producing steel.

Some companies are already producing their raw materials because we are encouraging them to start. Some are producing billets from scrap iron, the only problem with scrap iron is that it finishes. In the olden days unlike nowadays, when you check around, you see a lot of broken cars. They have come with the problem and we are already strategising on how we can solve the problem.

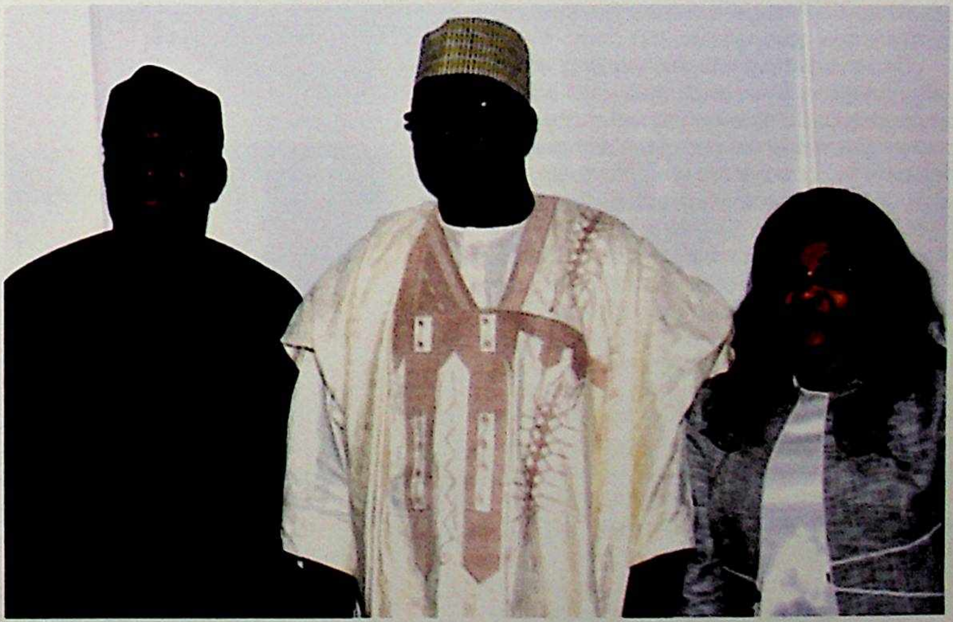
Also, we have already concluded that we are going to do a steel summit that will become an annual event in the country to review what is happening. This is because steel is important to industrialisation. It is important that stakeholders, once in a while, meet to dialogue on the problems in that sector and how they think they can be solved. So, we have concluded that, in the next couple of months, we are going to organise the summit.

There was one that was organised as far back as 2008, but since then, nothing has been done to follow up and so much has happened in between. Looking at the current situation, we need to articulate and know the way forward. We have started calling stakeholders together.

During the summit, we intend to discuss the Ajaokuta Steel issues and apart from that, we will also look at the other steel companies because the sector is private sector-driven. We also want the smaller ones to come out and show themselves so that we will have a holistic approach to steel production in the country.

What are the strategies being put in place to attract smaller mining companies?

We really do have a strategy, the first thing we did is that we have a whole department now that just takes care of activities in the small and artisanal mining sector. We have just started and we are going very far. First, we have put some of these artisans together as cooperatives and we are providing for them extension services.



L-R: Governor Kayode Fayemi; Minister for Mines and Steel, Arc. Mohammed Sada; and Permanent Secretary, Ministry of Mines and Steel, Mrs. Elizabeth Muren, during the Governor's visit to the Minister, in Abuja

Then, we are going out looking for investors to come and work with them.

What we do when they are in a cooperative is to give them a title; we process and fast-track the issuance of the title and we give it to them. As small miners, they cannot do anything more serious. So, it is very good for experienced miners to employ them so that they can do more serious mining activities.

So, what we do is to teach the small and artisanal miners what to do as members of cooperative societies, and if they cooperate with us as they come in, we have a grant that we can give them, not as money but in equipment that will enhance their work so that they can grow. We don't give money because we don't want a fight on how to share it.

The idea is also to teach safe and effective mining because this is what will encourage new miners to come in and take over. And when the junior miners come in, they already have their own expertise and that will encourage the major miners to come and take over. We have a department that deals with this.

The next group is being supervised by the mining inspectorates. We have separated them so that we can give them deeper attention and guidance so that they will not be deviating. We actually started with the so-called illegal miners, we have told them to regularise their activities, get registered into a cooperative group and not just get a digger and start digging.

When they join the group, they will share responsibilities and do things in an organised manner so that they can be out of the illegal miners' group. We actually call them informal miners so that they won't be associated with illegal activities. So, most of them are now coming to us.

The next thing we are thinking of is value addition into what they are doing because most of them will do a lot of work and will get little at the end of the day simply because they are unable to lift the quality of what they are producing out of that low level. So, the best thing is to organise so that safe and effective mining can be done. This is where the miners need to come in. Once they see a safe and effective mining process, they will all be interested because it means they don't need to come and start searching for where the mineral is, it is there and it is for them to come and work on. We need to pay attention to miners at this level because the larger percentage of miners is in this category. That is why we need to pay attention to them so that they can go into bigger operations.

"The idea is also to teach safe and effective mining because this is what will encourage new miners to come in and take over. And when the junior miners come in, they already have their own expertise and that will encourage the major miners to come and take over. We have a department that deals with this".

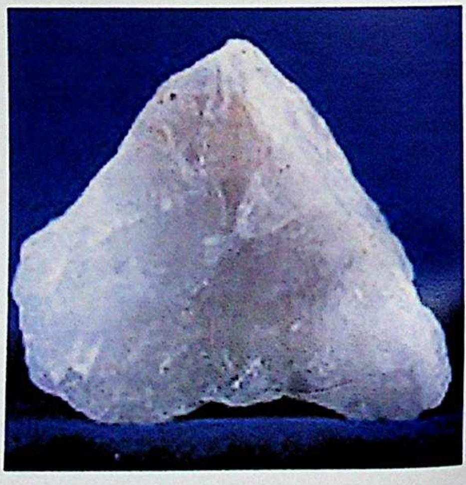
The abundant coal resources in Nigeria can be utilised for domestic and industrial purposes. How soon do you intend to establish coal-fired plants in Nigeria?

Actually, just two days ago, I did a presentation to the Economic Management Implementation Team, where the idea came up that we could not get out of our energy problem without paying attention to coal. What we do on our own is try to establish the resources that we have because we can only exploit what we have.

We have challenges of funding because the issue of coal needs a lot of research and funding, and this has to be paid for. Another issue is that somewhere along the line, there has been policy summersault because the Ministry of Power was given the responsibility to do the study. This act was really a policy summersault and that was why the team called us to a meeting. So, it was decided that we should work on the requirements and procedures so that we can be having coal and we can use it.

There are lots of interests and people are doing a lot of work on that currently. We have two classes of coal resources; for instance, we have the coal belonging to the Nigeria Coal Corporation and the Greenfield miners. These are our efforts at identifying the different locations where coal exists.

We are now trying to do two types of studies. Currently, we are conducting a research with the Ministry of Power to divert a little of coal to power. We are doing a lot recently in this area of coal and we believe



that, from now till the end of this year, something very positive will start coming out of that.

The problem with coal power is a very peculiar one because you can't be assured of the amount of coal you have at the time you start the coal power plant, that is the danger unlike gas power plants.

For a gas power plant, if you start now and you don't have gas, you can switch it off and vice-versa; unlike the coal plant, which has a minimum initial life of 15 to 20 years; this means that if you start it, you must have enough coal to run it for that period of time without struggling.

And this is why the countries that use coal to produce have stability in power, because if a country has solved that problem of using coal to generate power, it has guaranteed power security to a certain level. So, all they need to do is to use gas and other sources to balance up, especially in countries like China, India, and even the Unites States. The large percentage of energy in the US comes from coal. They are the largest users of coal for power production.

So, technology is the challenge in our environment, if we can get technology that will produce coal without polluting the environment, it will be fine. But we are already working on that, it will be one of the first steps because we don't want to be going back. The best technique to use in our situation is to make use of what we currently have, which is gas, and that is why we see a lot of government's effort going to gas.

This is because we don't want to keep Nigerians waiting until the problems get out of hand; no matter how little, we can bring down the problem of lack of power. That is why we are putting efforts to make use of current availabilities to tackle it. And by the time we bring in the coal, we would have gotten to a percentage that we can never go below. This is the strategy that we are looking at.

Most people don't know the importance of the airborne geophysical survey. Can you explain its relevance to the growth of the economy?

Actually, to a lay man, it is just like telling him where he will likely get gold, because it is only when you know where there is the likelihood of the existence of mineral resources that you can go there to confirm. Studies are the only way to find out about the likelihood of something. Like I said earlier, it is the airborne studies that made us to know that we have diamonds in Nigeria. And now that we know, we need to go in search of it.

Already, our geologists are out there. The airborne was the first study we carried out, the second study was financed by the government and it was this study that made us to know that we have 34 different mineral types in the country. By the time our geologists are back from the field, they may have more than those 34 minerals. That is the essence of studies and researches. It is also by this that we were able to know that there was at least one mineral type in every local government area in the country.

Before that study, we believed that the only place that iron ore existed was in Kogi State, but after the study, we realised that it is also in Yobe, Kaduna, Zamfara, Kebbi and Kastina states among others; and right now, the one in Kebbi is a small-scale mining list being exploited and it has one of the best quality iron ores. It has one of the highest iron content you can find at home and around the world.

Also, the one we found in Kaduna was actually called iron ore in Hausa language, but many people do not think in that direction at all.

This is the advantage that we have now as a country, that we have 100 per cent coverage and no other African country has done that yet. This is why we believe that by the time we get our attitude right, we will move together with the current regime and framework of operation; and that is why we know that the future of the sector is going to be very bright.

Procedures For Obtaining a Mining Licence

1. What you need to do is to have an idea of where minerals are and to decide on what minerals you will like to work with. Potential miners can do that by buying a map, which shows that. Then, you need to go and know the location of the minerals. We will then come in to promote a social relationship between you and the land owners or the community leaders. And like I said earlier, we have standardised the arrangement of getting consent now.
2. After getting the consent and the coordinate of the location, you have to come to the cadastral office. In the cadastral office, there is no nationality or dispute, there is no tribe, and everybody has equal recognition. Secondly, it is on first come, first serve basis.
3. The next stage is called; Use it or Lose it, because we have realised that people just like to get as many licences as possible, and at the end of the day, they just keep them in their drawers. In fact, we have a computerised system for it now. If you obtain a licence for mining, it will be imputed on the computer and there are timelines for making progress report available on the operations. Therefore, if they skip the first and second timeline, the computer will delete their data completely. That means you do not own a title. Sometimes, we publicise the list of those that have titles in newspapers.
4. As a licence holder, you will also be given a letter of grant if your application is approved after two weeks of submission, which means you can now wait for the licence. After all this has been done, the licence will then be processed and released after 40 days.

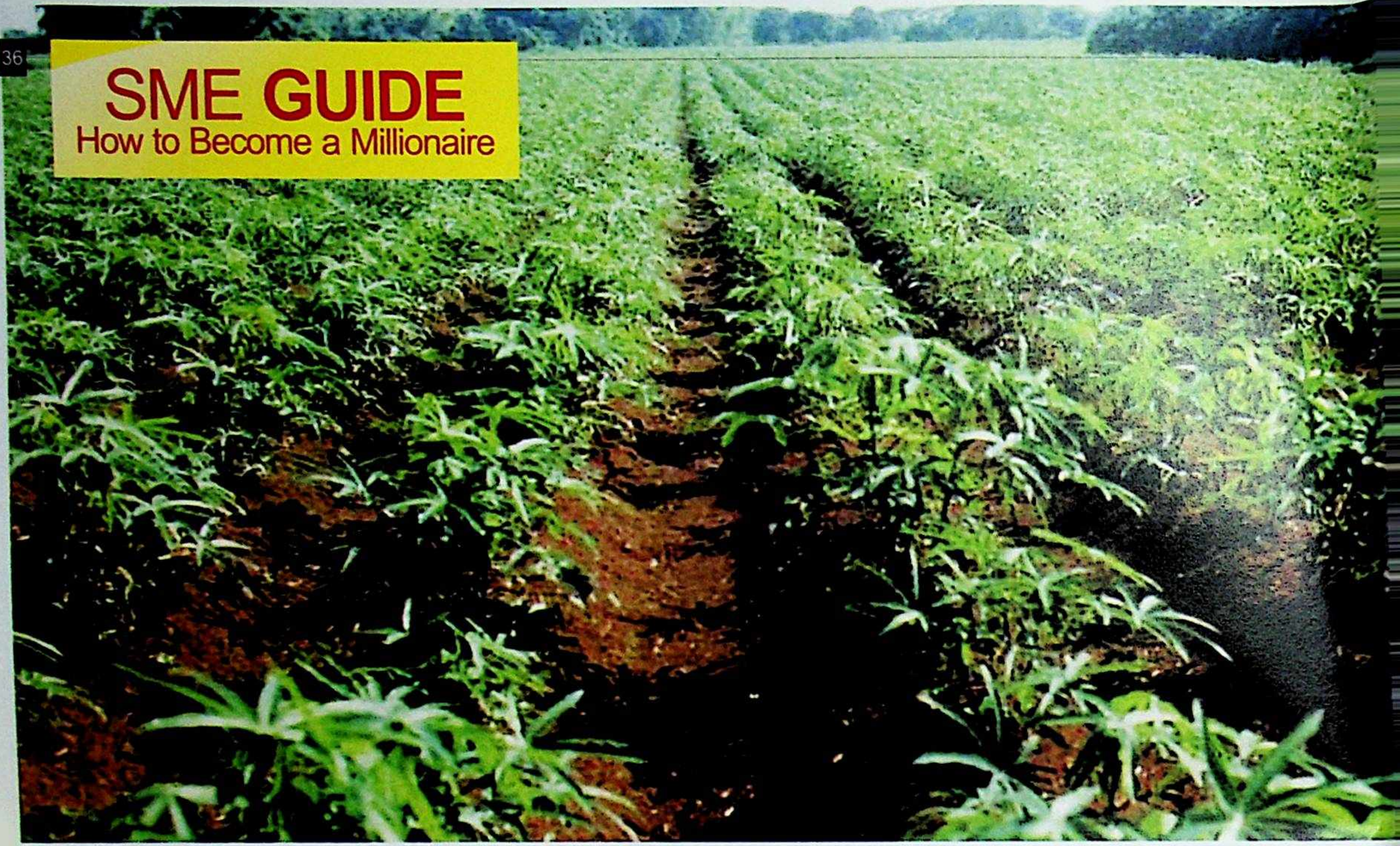
But before the 40 days, you can use that grant to move to site and do whatever you want to do except that it cannot be used to transfer. This is because transfer is also legal and the grant letter will not give you a licence number.

The ministry has embarked on an investment climate reform programme; do you think this will bring more investment to the country?

In those days when we had mining corporations, which were conglomerated, they used to compete with the NNPC; many people did not know that mining corporations used to make more money than the oil sector. Now, we are regulating and boosting investment drive. So, we don't sit and expect investors to come to us, we need to go and bring them to look at which type of minerals they are interested in.

For instance, the programme we did in South Africa made us realise that they lay more emphasis on iron ore and coal. In Canada, they are interested in bitumen. We are talking to their consulate to link us up. What we are interested in is the technology. There are two things we always try to go after when we are talking of investment in mining. The first is money, and the second is technology.

Most of them are now trying to introduce what we call 'contract mining.' That is, give me what you have, which is minerals, and we will give you what we have - technology and method. So, we have to target the two and entice them to be interested in ours.■



Cassava processing as goldmine for savvy investors

By Bolaji Kazeem

Cassava has been described as a wonder crop. It can be grown nearly everywhere in Nigeria and has the potential to address the food security challenge, provide employment and generate income for the country.

Nigeria is currently the largest producer of cassava in the world with annual output in excess of 34 million tonnes of tuberous roots.

Cassava is widely cultivated in the southern and middle-belt regions of the country. According to the International Institute of Tropical Agriculture, some states in the middle-belt such as Benue, Nassarawa, Plateau, Kogi, Taraba and Kwara produce about 29 per cent of cassava in Nigeria.

As a food crop, cassava fits well into the farming systems of small holder farmers in the country because it is available all year round, thereby providing household food security.

Cassava processing by traditional method is labour intensive. This has prompted the Federal Ministry of Trade and Investment to promote improved processing technology, which is a key factor to reducing drudging associated with the processing, and ultimately encourage cassava enterprise.

Women play a central role in cassava production, processing and marketing; contributing about 60 per cent of the total agricultural labour force in the country.

The cassava processing industry is a project that adds value to the crop and the Ministry of Trade and Investment, the Common Fund for Commodity (CFC), IITA and Farm Infrastructure Foundation (FIF), as well as some entrepreneurs have collaborated to set up prototype cassava processing plants namely; Joe Beg Bajju Cassava Processing Plant Masaka, Nasarawa State; Shaback Garri Processing Factory Farm, Kuje Area Council, Abuja; and Ehaloko Marke Garri

Processing Factory, Lafia, Nasarawa State.

This was done to encourage state and local governments, and private entrepreneurs to set up cassava processing plants to add value to the crop as well as create employment. It was also meant to provide examples of what a befitting garri processing centre should be by demarcating the wet from the dry sections.

In each of the processing plants, provision is made for graters, pressers, hydraulic jacks and electricity generating sets.

Cassava processing is one of the areas with high prospect and entrepreneurs can invest in it in order to make high returns on their investment and promote hygienic processing of cassava flour for export.

The Managing Director, Joe Beg Bajju Cassava Flour Processing Plant, Mr. Joseph Habilla Jatau, says to be a successful cassava processor requires keen interest from individuals who want to venture into the business.

"It requires keen interest in farming because the business requires both processing and backward integration so that it will not be stalled due to shortage of raw materials. If you produce raw materials on your own, you will be able to forestall shortage from the open market," he says.

Jatau says that the business is capital intensive and will require from N12m upwards for starters.

Investors in cassava processing, according to him, will need to construct befitting factories with concrete structures to withstand machine vibration.

He notes that some of the pieces of equipment needed are flash dryer (N3m-N3.5m), pressers (N50,000-N150,000), miller (N1m), peeling machine (N250,000-N350,000) sealing machine (N100,000-N150,000) and 100KVA electricity generator.

Manual peeling and washing of cassava requires a lot of efforts. Four to five people will normally peel a pickup van load of cassava in a day, but if the investor can afford a peeling machine, he will only require the service of one person to handle the machine.

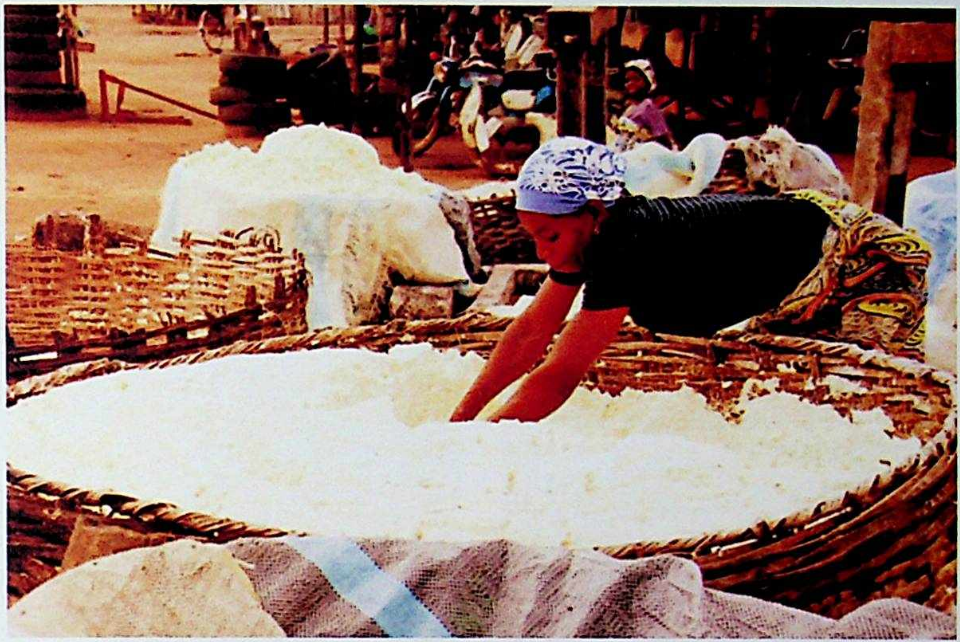
The production process entails the employment of a production manager, marketers, accountant, supervisor, store keepers and clerks.

Ten people will be required to fry the garri. To produce odourless fufu staple requires the engagement of part time labourers because it is time consuming and requires about 15 people to wash and sieve the cassava.

The cassava flour plant requires three people each for crushing, pressing and milling of the tuberous roots. The plant can process five metric tonnes of cassava in a day.

The Federal Government's new policy that bread for consumption in the country should be enhanced with 40 per cent cassava flour has also opened the door for the utilisation of cassava flour.

"The prospect of making profit is high once all necessary health instructions such as operating in a clean environment and hygienic processing of cassava, which are the criteria that will lead to the National Agency for Food and Drug Administration and Control (NAFDAC) and the Standards Organisation of Nigeria (SON) approving the process and product, have been adhered to,"



Jatau explains.

As at now, farmers are demanding for between N9,000 and N10,000 per metric tonne of cassava tubers, with four tubers making up a metric tonne.

Presently, processing plant owners are negotiating with flour millers for the supply of one metric tonne at between N100,000 and N110,000, with at least about 40 per cent profit expected.

Jatau says the major challenge facing his business is the lack of personal means of transportation to convey the cassava tubers from the farm to the plant and urged the government to encourage mechanisation of cassava farming by providing tractors at subsidised rates to farmers in order to reduce the cost of production.

The Director, Products and Commodities, Federal Ministry of Trade and Investment, Mr. Julius Apanishile, notes that cassava processing is a lucrative business that has a very high rate of returns for investors.

He says prospective investors can delve into many derivatives of cassava, which are in demand in the industrialised countries.

Explaining the role of the ministry in the cassava value chain, Apanishile says, "Essentially, it is the responsibility of the Federal Ministry of Trade and Investment through the Department of Products and Commodities to handle storage, processing, marketing and export of agriculture produce. We collaborate with the Federal Ministry of Agriculture, which handles the production and input supply for agricultural produce.

"It requires the input of thousands of farmers to produce the required quantity of cassava that can be processed into derivatives such as flour, garri, starch, odourless fufu, syrup, ethanol etc. Apart from the input of farmers, a lot of labour is also required during the collection of raw materials, transportation and at the processing mill. A lot of people are needed to do the job of peeling, washing, drying and packaging. In all these activities, you have to engage labour, thereby opening up employment.

According to Apanishile, cassava processing has enormous potential and commands high rate of return on investment based on the fact that the raw materials for cassava flour and other derivatives are in abundance in the country.

Also, the new policy of the Federal Government that specifies 40 per cent cassava flour content in bread has opened up another market for processors.

"There is a ready-made market for ambitious local and international investors to take advantage of the demand for ethanol, cassava pellet, starch and tapioca by industrialised nations, and the Federal Government is willing to encourage those interested in opening cassava processing plants in Nigeria," he says.

Processing plants in the country do have the challenge of insufficient and irregular supply of cassava tubers, and the high cost of transportation of the tubers from the farms to the plants due to the poor nature of roads in the rural areas.

Another key challenge in the value chain is the high water content of the cassava tubers at about 70 per cent, which makes them to be highly perishable such that they must be processed within 48 hours of harvesting.

Apanishile says there is the need to provide adequate infrastructure to support industrial development and see to the improvement of the quality and quantity of the raw material; promote investment in primary, secondary and tertiary cassava processing systems; and develop it for the domestic market in the short run, and the global market in the medium and long-term.

Tips for Operating a Cassava Processing plant

1. Acquire a peeling machine that will not waste one-third of the cassava
2. Sink a borehole to ensure constant water supply
3. Ensure that the water is well filtered and purified
4. Use tiles for the flooring of the plant to ensure cleanliness
4. Make provision for neat store house to preserve the end product before selling
5. Agric engineers are best employed as production managers
6. Invest in your own cassava farm to ensure regular supply of tubers
7. Start-up capital may be up to N12million

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Babatunde Fashola, SAN, Executive Governor, Lagos State

Lagos State Commissioner for Commerce and Industry, Mrs. Olusola Senapon Oworu, told Emeka Ezekiel and Oyeronke Badmus, that there are lots of untapped investment opportunities in the state. She, however, canvasses partnership with the Federal Government as a critical ingredient to attracting investment and harnessing the vast opportunities existing in the state.

Lagos, Nigeria's former capital is the generally regarded as the nation's financial, commercial and industrial nerve centre. Currently, it is one of the fastest growing mega cities in the world. According to the Commissioner, there is virtually no sector of the economy of the state that does not have opportunities.

"If you look at infrastructure, including roads, rails, manufacturing, health sector, education and water, there are opportunities there. In fact, all the challenges we have as a state are opportunities for investors," she notes.

The state government, she says, is committed to providing an enabling environment for genuine local and foreign investors to invest.

"What we are doing as a state government is to create an enabling environment for people to come and partner with us because we have realised that we can't fund these infrastructure ourselves; we can't manage the businesses either. So, ours is just to be a regulator and provide an enabling environment. This is why we set up the Private Public Partnership Office so that anybody who is willing will come and partner with us and get the necessary information on how to go about it. We have the right framework in place for investors to come and partner with us. We have carried out a number of reforms, including judicial reforms, as part of deliberate efforts aimed at ensuring that the business environment is conducive. But in terms of the opportunities, they are many.

Oworu says Lagos State is strategically positioned as the hub of business and investment in Nigeria and the West African sub-region. She says the position of Lagos as the country's former capital gives it an added advantage over other states of the federation.

"The market is here in Lagos. We are the economic and commercial nerve centre of the Nigerian economy. Lagos State used to be the capital of Nigeria and that has given us the leverage over other states in the federation. Apart from having a lot of opportunities, we also have infrastructure to support investment such as the international airport and sea ports, among other things. We are doing our best to open Lagos State to the West African market. We have the population, which is still growing. By 2025, we will be the next mega city in the world after Tokyo and Mumbai. That is a huge opportunity."

According to the commissioner, investors who want to take advantage of the immense opportunities that exist in the state are in for bountiful returns as Lagos offers high returns on investment.

Olushola Oworu, Lagos State Commissioner For Commerce & Industry

"The return on investment in Lagos is very high. We just opened a big supermarket in Lagos (Ikeja Shopping Mall). The minimum return on investment for that investor is 25 per cent, and this is the second one that was done in the state. The opportunities are enormous. It depends on what you want to do and making sure that you do it right."

'The ROI in Lagos is very high. We just opened a big supermarket in Lagos (Ikeja Shopping Mall). The minimum return on investment for that investor is 25 per cent, and this is the second one that was done in the state. The opportunities are enormous. It depends on what you want to do and making sure that you do it right.'

She says agri-business is one of the major areas where the state wants to focus on by developing value in order to create jobs, generate wealth and transform its economy.

"We are encouraging investors to invest in agriculture and agri-business, including fish farming, rice cultivation and rice milling. We have a rice milling industry in Ikorodu. From there, we were able to do the cultivation of rice in Badagry. We are also looking at coconut as one of our cash crops, there are so many things we can do with coconut."

She, however, says there is the need for partnership between the state and the Federal Government in order to attract Foreign Direct Investment into Lagos.

"Leveraging the relationship between the state and the Federal Government to drive what we are doing is critical. We don't have all the incentives to do everything. If you look at the Lekki Free Zone, despite the fact that it is located in Lagos State, it is really a national project; look at all the things we can achieve with the concept of the free zone in terms of industrialisation, job creation, wealth creation and economic transformation."

While describing Free Trade Zones as catalysts for economic growth and transformation, the commissioner says adequate support from the Federal Government is needed to make the LFZ the hub of manufacturing, job creation and wealth generation.

"The Free Trade Zone is one platform that you can use to jump-start the economy. We are looking at manufacturing and export because we want to diversify the economy. For instance, within the Lekki Free Zone, we have plans for a sea port and an international airport. Also, there is going to be a rail link as well. So, it is not just a Lagos State project. In that respect, we definitely need the Federal Government's support.

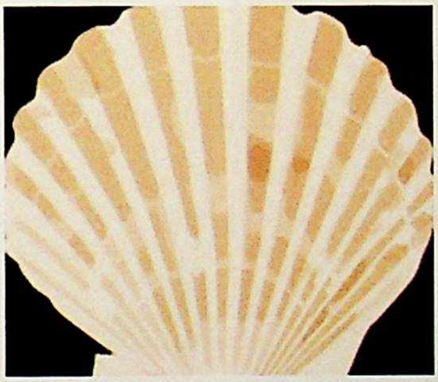
"We need the Federal Government's support for gas, because there is no gas along the Lekki axis and without gas supply, there will be no power. And without power, we don't have industries. If the goods are manufactured within the LFZ, they must be taken outside of the state. The Nigeria Customs Service is one of the Federal Government's agencies and when we talk of implementation of incentives under the zone, this is done by the Federal Government. So, collaboration with the Federal Government is key."

Snail

Raffia Palm Tree

Ginger

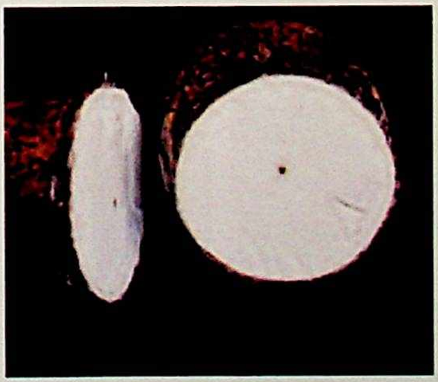
Bitumen



Sea Shell

Uranium

Coconut



Cassava

Enugu State

(Coal City State)

Enugu State is noted for its coal deposits. Its main economy depended on coal before the discovery of oil in commercial quantities. Reason the state is nicknamed the coal city.

The state is predominantly agricultural with yam tubers, palm produce and rice being its main produce.

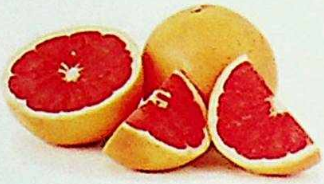
Besides coal, new mineral deposits have recently been discovered in Enugu State. These include bituminous coal, iron ore, yellow maize, melon and bauxite etc. The state has many industries that satisfy both local and international needs.

The Nike Lake Resort which is located about 10km away from Enugu the state capital provides a good spot for tourist in the state.

The Five Star Hotel stands out as one of the key points in the state's drive for tourism.


Coal Bituminus

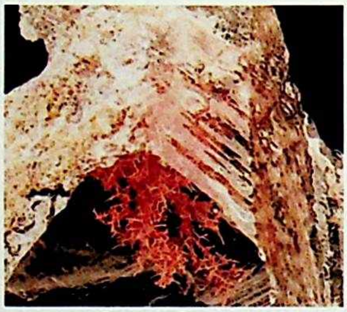

Coal


Grape Fruit


Beans

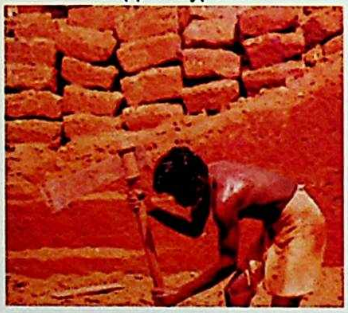

Iron Stone


Cashew Nut


Copper Gypsum


Castor Beans


Iron Ore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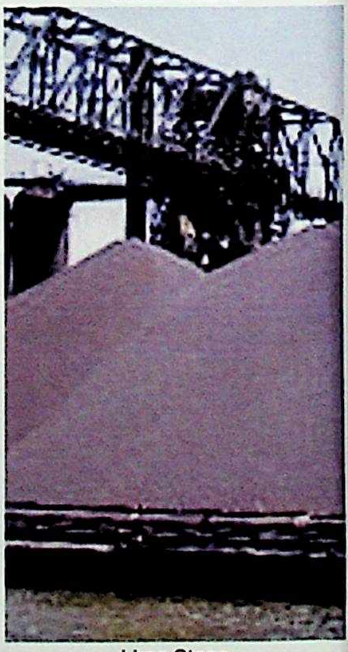
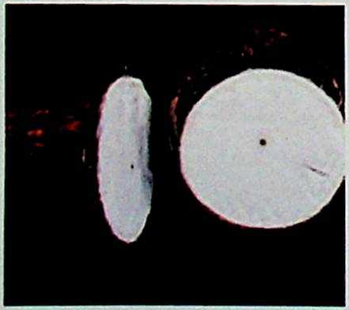
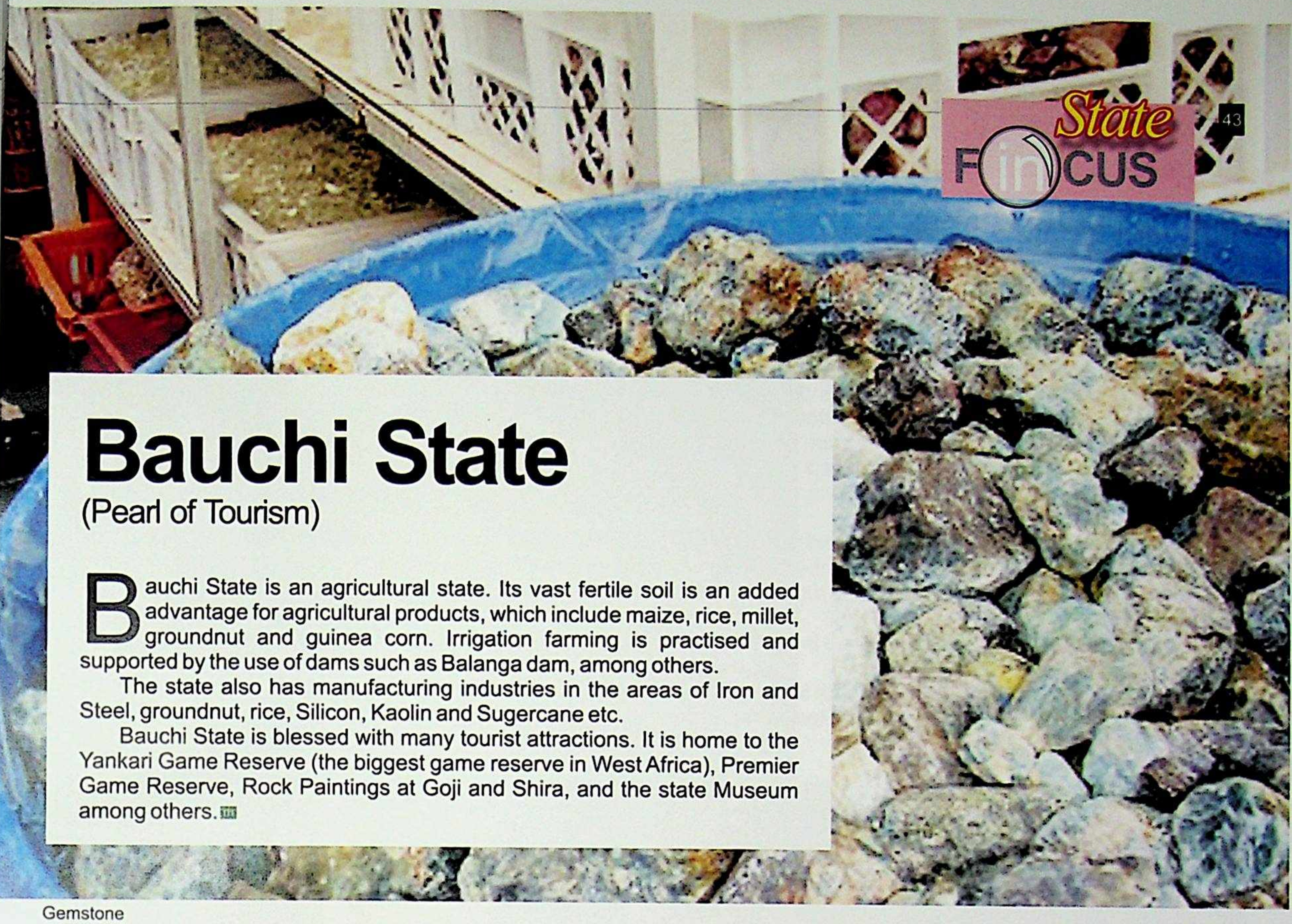

Lime Stone


Maize


Cassava


Yam



Bauchi State

(Pearl of Tourism)

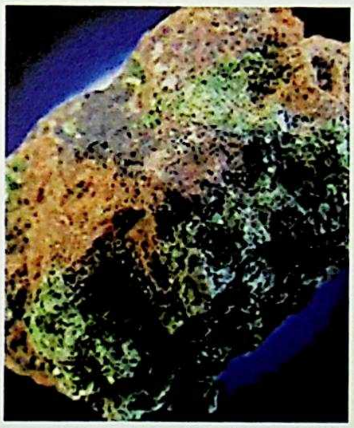
Bauchi State is an agricultural state. Its vast fertile soil is an added advantage for agricultural products, which include maize, rice, millet, groundnut and guinea corn. Irrigation farming is practised and supported by the use of dams such as Balanga dam, among others.

The state also has manufacturing industries in the areas of Iron and Steel, groundnut, rice, Silicon, Kaolin and Sugercane etc.

Bauchi State is blessed with many tourist attractions. It is home to the Yankari Game Reserve (the biggest game reserve in West Africa), Premier Game Reserve, Rock Paintings at Goji and Shira, and the state Museum among others.

Gemstone

Yellow Maize



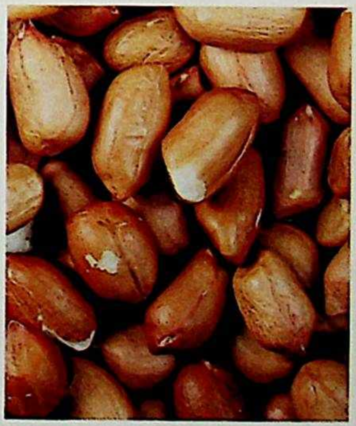
Uranium

Kaolin

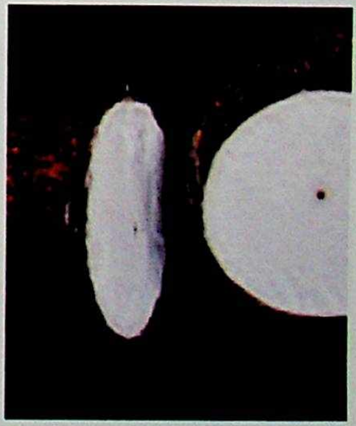
Tin Ore

Cotton Wool

Ginger



Groundnut



Cassava

Cross River State

(The People's Paradise)

The Cross River State economy is predominantly agricultural and is sub-divided into two sectors- the public and the private sectors. The private sector is dominated by local subsistence farmers while the public sector is run by the government and features large plantations and demonstration farms. The main crops are cassava, rice, plantain, banana, yam, cocoyam, maize, rubber, cocoa, groundnut and palm produce.

The state government places emphasis on fish farming as a measure to diversify its economy. To this end, it took measures to boost fish production in areas including fish farming, processing, storage, marketing, in-shore fishing and marketing of fish resources.

Major livestock in the state are cattle and goat. Rearing activities are undertaken by local farmers and normadic Fulanis, except in Obanliku at the Obudu Cattle Ranch where organised cattle ranching takes place.

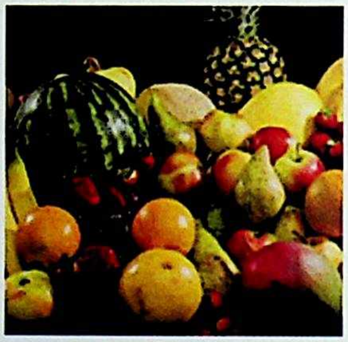
The raising of poultry, pigs, rabbits and turkeys is carried out on a commercial scale in some part of the state but mainly in the Calabar Municipality.

Mineral resources in Cross River State include limestone, gas purple smoke, tin ore, salt and rubber plantation etc. The state is also an oil producing state.

As regards tourism, the state offers both its visitors and interested indigenes many centres of attraction. The outstanding ones are Obudu Cattle Ranch, Obudu; Old Residency Museum, Calabar; and Agbokin Waterfalls, Ikom, among others.


Quartz Milky


Timber


Fruit

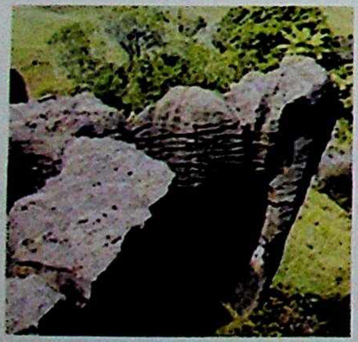

Raffia Palm Tree


Kaolin


Tin Ore


Gas Purple Smoke


Crude Oil


Limestone


Salt


Uranium

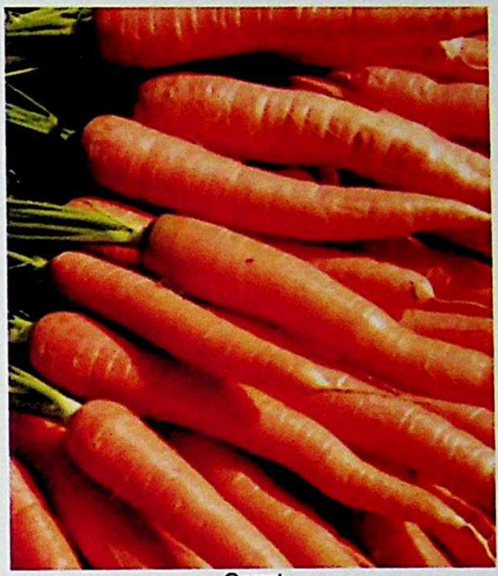
Rivers State

(Treasure Base of the Nation)

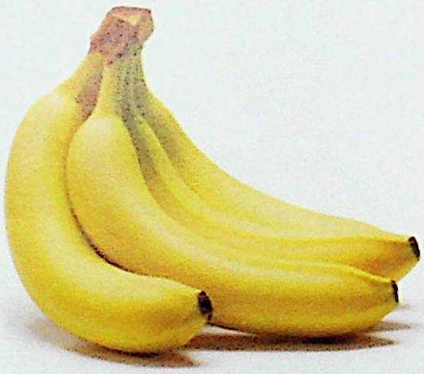
Located in Southern Nigeria, in the Delta Region, Rivers State covers 11,077 square kilometres. The inland part of Rivers State consists of tropical rainforest; towards the coast the typical river delta environment features many mangrove swamps. Rivers State was part of the Oil Rivers Protectorate from 1885 till 1893, when it became part of the Niger Coast Protectorates.

The capital, Port Harcourt, is the nerve centre of the famous Nigerian oil industry and over 90 industrial concerns.

Due to its beautiful layout and peculiar topography, Port Harcourt, christened 'Garden City', is accessible by road, rail, air and sea. Apart from being a railway terminus and having one of the busiest airports in Nigeria, Port Harcourt has a unique natural advantage of being the nation's second largest sea port with another sea port, the ocean terminal at Onne.

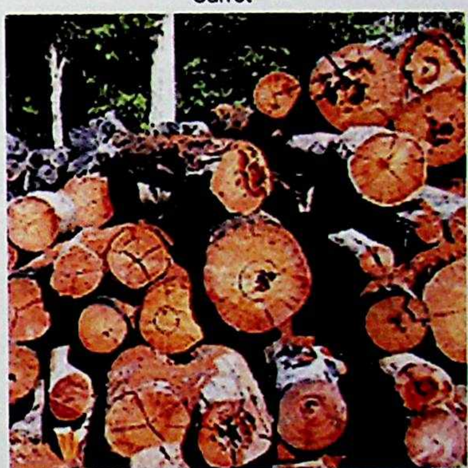


Carrot



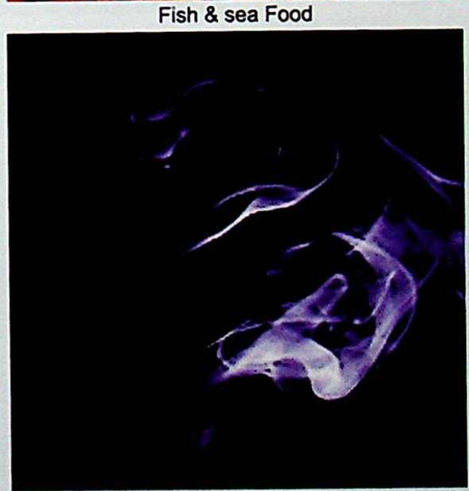
Banana

Fish & sea Food



Timber

Crude Oil



Gas Purple Smoke

Raffia Palm Tree

How BOI selects bankable SME projects – Oputu

The Managing Director, Bank of Industry, Ms. Evelyn Oputu, explains the criteria adopted by the bank in selecting small and medium-scale enterprise projects to be funded. She also gives useful insight on how SMEs can access cheap funds from the bank to start or expand their businesses.

Ms. Evelyn Oputu, Managing Director, Bank of Industry

Evolution of BOI

The Bank of Industry Limited is Nigeria's oldest, largest and most successful development financing institution. It was reconstructed in 2001 out of the Nigerian Industrial Development Bank Limited, which was incorporated in 1964. The bank took off in 1964 with an authorised share capital of £2m.

The International Finance Corporation, which produced NIDB's pioneer Chief Executive held 75 per cent of its equity along with a number of domestic and foreign private investors. Although the bank's authorised share capital was initially set at N50bn in the wake of NIDB's reconstruction into BOI in 2001, it has been increased to N250bn in order to put the bank in a better position to provide cheap funds for the nation's Small and Medium-scale Enterprises.

However, following a successful institutional, operational and financial restructuring programme embarked upon in 2002, the bank has transformed into an efficient, focused and profitable institution that is well placed to effectively carry out its primary mandate of providing long-term financing to the industrial sector of the Nigerian economy.

So far, Oputu says, BOI has financed 1,436 projects valued at N165.3bn. Every week, disbursements are made in respect of projects that have completed their pre-disbursement conditions. As such, there are hundreds of projects financed, ranging from micro, small, medium to large enterprises that are under implementation or ongoing.

How does BOI determine whether an idea or project is bankable or not?

The BOI MD explains that a bankable project is one that is technically feasible, commercially viable and economically desirable, adding that the bank places emphasis on prudent project selection.

Oputu, however, notes that project selection is based on the following criteria: capacity to substantially add to industrial output; projects that use largely domestic raw materials; industries in which Nigeria's comparative advantages can be converted to competitive ones; ability to promote the expansion of exports through the production of high quality products that are attractive to domestic and export markets; niche projects that produce for worldwide consumption; projects that create both forward and backward linkages with the rest of the domestic or regional economy; ventures that promote inter-state or regional integration; small and Medium Enterprises that have linkage with large firms, belong to clusters and operate under franchise. Others are: enterprises with high employment generation capacity; projects that are environmentally friendly; enterprises that have good management setup and proper accounting procedures; enterprises promoted by women entrepreneurs; projects that are technically feasible, commercially viable and economically desirable.

Similarly, Oputu says there are certain ingredients that

BOI looks out for in a business plan before it accepts to fund the proposal. These include: past financials of the company and statements of account from its commercial bankers; ability to provide adequate security for the loan requested; registration of the product with relevant regulatory agencies such as the National Agency for Food, Drug Administration and Control, and Standards Organisation of Nigeria; and borrowers with positive rating of unpaid loans from credit bureaux.

Others are borrowers who can prove their commitment to the project by contributing at least 25 per cent of the project cost excluding land; borrowers with demonstrable ability to meet loan repayments; and borrowers who have good standing to access working capital from commercial banks.

Is BOI meant for big players in the industrial sector?

According to Oputu, the bank has developed a lot of innovative products and services targeted at the micro entrepreneurs across the country.

She says, "Most of the projects we have handled in the past six years are targeted at rural communities, the vulnerable and the un-served. Nigerians, by nature, are a highly enterprising people. However, there is the need for us to embrace manufacturing and encourage investment in production and value addition rather than just trading because when you add value, you are actually ensuring that the raw materials that we have are utilised.

"God has endowed us with a lot of natural resources and raw materials. All we need to do is to add value by utilising them so that we can create jobs, generate wealth and transform our economy."

The BOI boss says, although Nigerians are very resourceful, there is the need to increase awareness in the area of entrepreneurship development, adding that this will help in deepening the growth and development of SMEs in the country.

"We think we are by nature an entrepreneurial people. I have seen this in all the rural areas, with women and with all the young people who have accessed funds from us. In order to deepen the growth and development of Small and Medium-scale Enterprises across the country, we should also think of the possibility of teaching entrepreneurship as a subject at the secondary and tertiary school levels.

"By so doing, Nigerians will formerly acquire the knowledge of entrepreneurship rather than intuitively as we are doing right now. Intuitively, Nigerians are entrepreneurially minded people."

Oputu says BOI will be actively involved in ensuring the successful implementation of the proposed 'Train-To-Work' programme of the Federal Ministry of Trade and Investment, which is expected to ensure the training of artisans and putting them to work in order to enable them create jobs and generate wealth for the country.

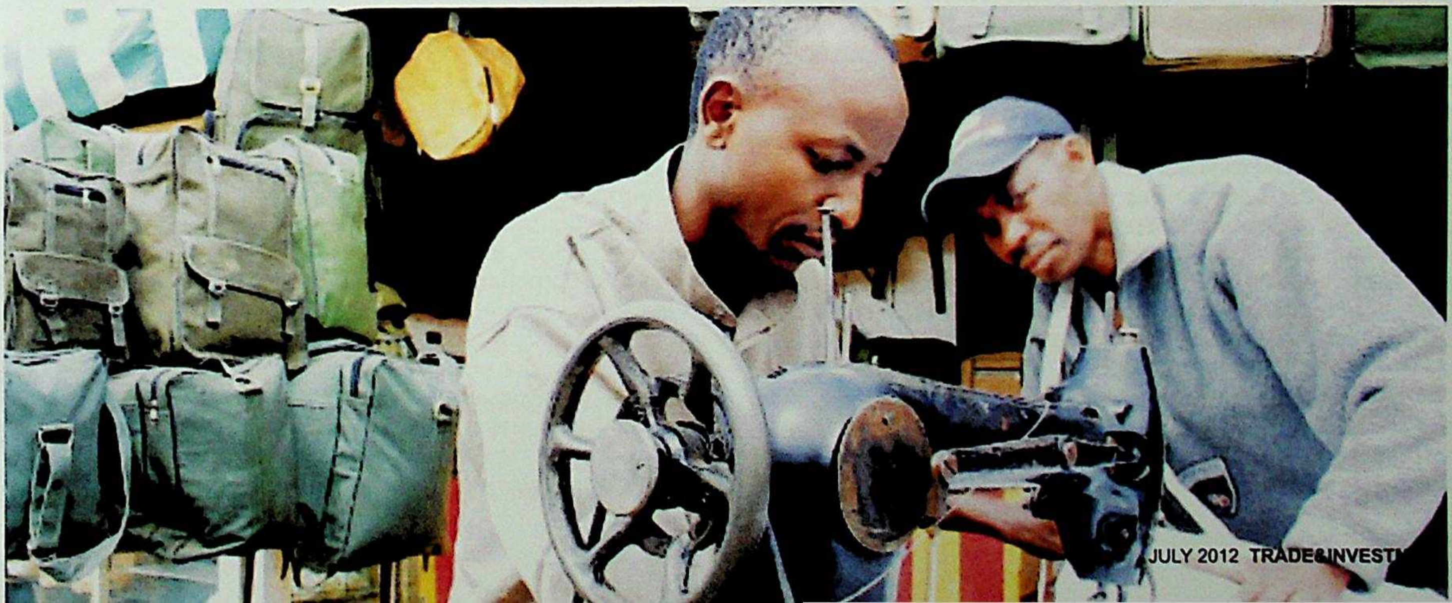
"We will make provisions in every aspect because we know where there are gaps. We know where there are skills shortages. So, we will assist in identifying these areas, which we believe need to be enhanced. We will also look at the areas where there are no Nigerians at all.

"These include basic skills like engineering, electrical works, plumbing and masonry, among others. We will also work with stakeholders, including the Manufacturers' Association Nigeria, Nigerian Association of Small Scale Industrialists, Nigerian Association of Small and Medium-scale Enterprises, and other stakeholders that we have worked with in the past to ensure the successful implementation of the programme. That's how we will approach it from the BOI perspective."

The BOI boss also says that the bank is assisting farmers in value-addition of agro-commodities.

"The entire value chain in agro-products is so long and enormous; you can do cassava chips, garri, starch and ethanol. You can go from the simplest to the most complex. It is an area that has been untapped. For instance, we export cashew nuts like that instead of processing them. We had a session in Kogi State on cashew and we are working with the Ministry of Science and Technology on how to add value to cashew.

"That was why when you asked whether BOI was for the rich, I was wondering where that was coming from because we are working with products that are coming from the rural areas that will even make an impact on the rural communities more than the urban areas. Our mandate really, when we pursue it as we ought to, is to ensure that rural-urban migration is reduced."



SME Clusters, Key to Economic Growth and Development

— SMEDAN DG

Muhammad Nadada Umar, Director-General, SMEDAN

Small and Medium Scale Enterprises play an important role in poverty reduction and employment generation across the globe. The Director-General, Small and Medium Enterprises Development Agency of Nigeria, Alhaji Muhammad Nadada Umar, says the story is not different for Nigeria. He told the TIT team that with the right environment, Nigeria's SMEs will provide the right foundation for sustainable economic growth and development. SMEs account for about 30 per cent of the global Gross Domestic Product and over 58 per cent of the world's working population.

In European Union countries, for instance, SMEs constitute over 90 per cent of all firms and employ about 65 million people, while in the OECD countries, they account for over 95 per cent of all enterprises with an employment generating capacity estimated at over 60 per cent when compared with the Large Scale Enterprises.

In Africa, SME operators constitute over 60 per cent of the continent's total workforce but with less than 30 per cent of industrial output. With about 11 million SMEs, the sector accounts for over 65 per cent of the total employment and about 60 per cent of the industrial output in Nigeria; thus providing a means of livelihood for the greater number of the country's 167 million people.

The development of the SME sector is key to industrial development, job creation, wealth generation and economic transformation, Umar says, but notes that the creation of a statutory agency to coordinate the activities of this all important sector came rather too late.

"The SME sector, no doubt, is the driver of any economy because of its potential for employment generation and wealth creation. After about 50 years of independence, it was only seven years ago that SMEDAN was created. This agency was the first that was deliberately created by the government to be in charge of the development of SMEs.

"This should not have been the case, taking into consideration the fact that Nigeria gained independence over 50 years ago. This agency should have been created over 30 years ago because after political independence, the next thing that should have followed was economic independence."

Ideally, political independence must work hand-in-hand with economic independence in order to fast-track the growth of the SME sector of the Nigerian economy, he says. "The need to create public institutions was therefore seen just a few years ago when SMEDAN was established by former President Olusegun Obasanjo's administration. This was in recognition of the fact that if the sector succeeds, all other sectors of the Nigerian economy will also succeed and vice-versa."

Why SMEs fail

All over the world, SMEs are known to have short life spans; only few of them survive few years after their take off. But Umar links the failure of most SMEs to the peculiar problems they face in their different operating environments.

According to him, SMEs find it difficult to survive few years after they start operations because their promoters lack the requisite skills to run them successfully, especially in today's highly competitive environment.

"We have identified lack of requisite skills as one of the major challenges facing SMEs in Nigeria. Also, it is a major reason why most of them don't last. We have realised from our research that most people who set up small businesses assume they have the skills to run them.

"They usually rush after how to mobilise start-up capital without paying great attention to capacity building. Out of the three things involved in starting a business, like ideas and ways of putting those ideas to work, capital should come last. But when you just start a business without the right skills to manage it, there is the likelihood that the business will collapse soon after it takes off."

The unemployment challenge

There is no doubt that unemployment is a major problem in Nigeria, just like in many developing economies. Umar attributes the problem to inadequate attention being paid by successive governments to building the necessary capacity for small businesses to thrive.

"In the past, our environment did not give enough room or provide the conducive atmosphere for small businesses to grow. That was a major cause of unemployment in our country. It was recently that the whole nation started thinking about building capacity for entrepreneurship, which is critical to the

growth and development of the SME sector.

"Even in our educational system, there was no deliberate policy to include entrepreneurship in the curriculum. It was recently that our educational institutions started thinking about how they could include courses that would build the capacity of Nigerians, especially our youths, towards entrepreneurship."

According to the SMEDAN boss, inadequate skill sets for entrepreneurship development is one of the contributory factors to the production of poor quality goods, which cannot compete favourably at the global market place.

"One of the reasons we don't manufacture products that will compete favourably in the global market place is that our graduates tend to wait for employment instead of putting into work the skills and capacity they would have acquired while they were in institutions of higher learning.

"For instance, if we produce 600 graduates and half are employed, the remaining 300 will be waiting for white collar jobs instead of starting small businesses on their own. That is also the reason that retired civil servants finish their gratuities after six months of retirement without any income to fall back on."

Tackling SMEs' skills problem

Does SMEDAN have all it takes to tackle the problem of poor business and entrepreneurial skills being faced by many start-up entrepreneurs across the country? Umar answers in the affirmative.

"Currently, we train people who want to come into business on capacity building first, after which we provide them easy access to low interest capital. Also, we provide special incentives for some special segments of the society. These are people who are weak, uneducated and cannot go to the money market to source for loans, or even acquire land. So, for this category of people, there is the need to provide them with certain incentives."

The agency is also partnering higher institutions across the country to boost entrepreneurship training among students, Umar says.

"We have resolved that every university and other tertiary institutions should take courses related to commerce and investment and include these courses in their curricula. We have even asked that the concept of the National Youth Service Corps be reviewed; it should go beyond fostering unity.

"Graduates should not focus on looking for jobs after their youth service; they should be able to draw business plans and create businesses by themselves so that they can become employers of labour. In addition to training, we are also providing SMEs the platform to be linked to research institutions and development partners in order to increase their productivity."

SMEDAN's therapy for job creation, wealth generation

There is no gainsaying the fact that the SME sector holds the ace in the country's quest to become one of the 20 leading economies by the year 2020.

According to Umar, SMEDAN has developed and is currently implementing sure-fire strategies towards making the SMEs across the country the major driver of job creation, wealth generation and economic transformation in line with President Goodluck Jonathan's Transformation Agenda.

"We have put in place various entrepreneurship development programmes, which we are aggressively implementing. These programmes cut across every state of the federation and small-scale entrepreneurs are partnering with us in this regard."

But the development and implementation of SMEDAN's policy on SME clusters is one of the most effective strategies for job creation, wealth generation and economic transformation, he notes.

"Building of clusters is the best way to boost SME development. It gives opportunities to train them and allows equal opportunities for all of them. We cannot succeed without building SME clusters. Clusters are very important for us to add value and make a difference in this country.

"We are working with relevant government agencies to develop our clusters into world class standards. We are interested in the cluster system because it is the best and surest way of creating jobs and generating wealth, as it provides opportunities for the provision of common facilities to be used by SMEs within a particular area, thereby reducing the cost of business."

SMEDAN is collaborating with agencies within and outside the Ministry of Trade and Investment to implement a new empowerment and job creation scheme for artisans as part of the deliberate efforts of the Minister of Trade and Investment, Mr. Olusegun Aganga, to tackle the problem of paucity of skilled artisans in the country.

"We have also started articulating a programme called, 'Train to Work.' This is meant to address and bridge the gap for artisans in the country by reducing the involvement of expatriates, which is about 70 per cent, especially in the building and infrastructure sector.

So, we want to ensure that we bridge this gap so that we don't have to import artisans from other countries. We have some partners in this case and most of our partners are from within the ministries. Others include building and research institutes and incubation agencies, among others.

"We have another programme, which is called Volunteer Service International, which we will commence this year. This is agro-based. We will bring the experiences from other countries to bear in running this programme. All these efforts are geared towards creating jobs and generating wealth."

"We break these SMEs into cooperative societies because financial institutions prefer to lend to people in the cooperative societies than individual enterprises. So, we allow them to choose their trade. Thereafter, we train them and after the training, we do post-training analyses, monitor their trading"

Providing SMEs windows for cheap capital

SMEDAN is currently collaborating with development finance institutions to help SMEs have easy access to cheap capital, according to Umar.

"We break these SMEs into cooperative societies because financial institutions prefer to lend to people in the cooperative societies than individual enterprises. So, we allow them to choose their trade. Thereafter, we train them and after the training, we do post-training analyses, monitor their trading or enterprises and link them with financial institutions to enable them get cheap capital to run their enterprises.

"We are currently dealing with two institutions including the Bank of Industry and the National Economic Reconstruction Fund (NERFUND). They help these enterprises by providing them access to cheap funds. We still monitor the enterprises every now and then. We do these to give the institutions confidence and to let them know that their money is safe.

"We assured the financial institutions that the team has enough capacity to start their business. Every year, we train at least 5,000 people and break them into cooperative societies. The only problem we had was their getting access to funds, but since the people and government are getting interested, we are getting more windows to do that."

Entrepreneurship development schemes for rural women

SMEDAN has taken initiatives to empower rural women across the country by developing their entrepreneurial skills. This, the agency's boss says, is yielding good fruits.

"We have started some programmes such as the Rural Women Enterprises Development Programme, where we go round the rural areas, take their crops, do validation and other things on these crops, help them to start an enterprise and advise them on how they can gain access to finance.

"We do this in a way that each enterprise will have at least five workers, and if we can set up over 700 enterprises in these areas and they are able to grow with each of them multiplied by five workers; it will surely go a long way in addressing rural poverty and unemployment. We intend to expand this initiative this year by covering all states of the federation."

The initiative has worked in other countries and will work in Nigeria, Umar notes.

"It worked for them in Rwanda and Japan, among others. Now, we are doing it in Nigeria for the local governments. We have already started with some states, including Kano and Niger; we are now expanding it round and we hope other states will key into it.

"We have discussed this with some leaders in the state ministries of Commerce and they have agreed to accelerate it. This is not about gender, it is general. It was not designed for rural women like some other countries. The major purpose is to change the face of the rural communities."

Collaboration with other government agencies

The SME development agency promises to strengthen its collaboration with other government agencies to be able to deliver on its mandate.

"SMEDAN is working with about 13 agencies within and outside the Ministry of Trade and Investment. We will bring them in when we come across challenges. For instance, we need partnership in the area of product validation and production of local technologies. Recently, we started computing data of SMEs in the country. We have, however, completed the compilation and the SMEs' national report will be out soon. This will help us in national planning," the SMEDAN boss assures the public.

Essential Tips:

1. SMEDAN trains people who want to come into business on capacity building first, and then provides them easy access to low interest capital.
2. Every year, SMEDAN trains at least 5,000 people and breaks them into cooperative societies because financial institutions prefer to lend to people in cooperative societies than individual enterprises.
3. SMEDAN's policy on SME clusters is one of the most effective strategies for job creation, wealth generation and economic transformation.
4. SMEDAN's policy on SME clusters is one of the most effective strategies for job creation, wealth generation and economic transformation.

'Free Trade Zones are catalysts for job creation'

The Managing Director, Nigeria Export Processing Zones Authority, Mr. Adesina Agboluaje, says the agency is well positioned to make Nigeria the preferred investment hub for global business. He spoke to TIT Editor, Emeka Ezekiel.

Can you take us through the history of NEPZA and the mandate given to it by the Federal Government?

The Nigeria Export Processing Zones Authority was established in 1992 through Act 63 of 1992 and was given the mandate of licensing, monitoring and regulating the free zones. From a single zone (the Calabar Free Trade Zone) in 1993, the Authority has so far licensed 24 free zones, while due diligence is being carried out on additional 10. The licensed free zones are monitored and regulated by NEPZA to ensure that they operate in accordance with government's guidelines and regulations.

At the time of its conception, the Free Zone Scheme focused on manufacturing for export, but in line with international best practices, the scope of operations has been enlarged.

At the time of its conception, the Free Zone Scheme focused on manufacturing for export, but in line with international best practices, the scope of operations has been enlarged. Currently, investments in the zones cover every facet of the economy, including but not limited to manufacturing, agriculture, oil and gas, tourism, trading services, logistics and education.

The expansion of the Authority's mandate has enabled it to play a key role in making Nigeria the preferred hub for global business and commerce and has positively affected NEPZA's operations.

What we operate now are free zones, which are more flexible and allow us to admit more investors into Nigeria in order to enable the FTZs carry out their businesses. We believe it will help them to increase their investments within the zones. We have been able to achieve our mandate in this regard. However, we can still do better than we are doing.

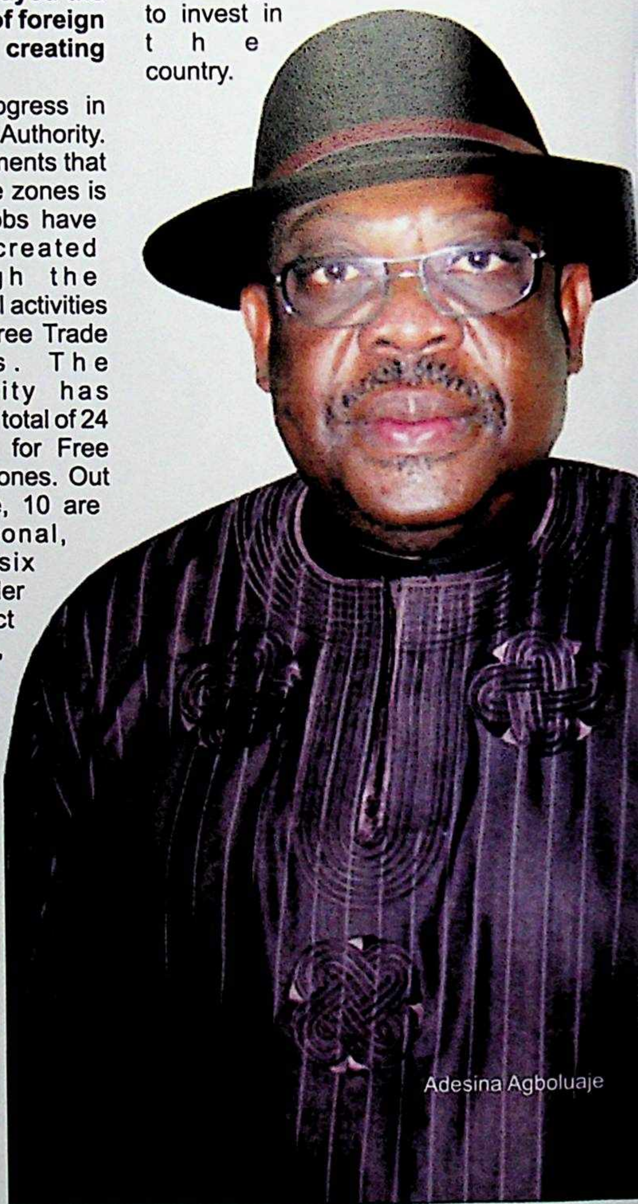
To what extent has NEZPA played the role of facilitating the inflow of foreign and local investments and creating jobs across Nigeria?

We have made a lot of progress in achieving the mandate of the Authority. So far, the total value of investments that have been attracted to the free zones is about $8.3bn. Also, 20,190 jobs have been created through the industrial activities at the Free Trade Zones. The Authority has issued a total of 24 licences for Free Trade Zones. Out of these, 10 are operational, while six are under construction, three are being designed for physical development and five are non-performing.

Despite the global economic crunch, more foreign investors have continued to show more interest in investing in Nigeria. What will you say is responsible for this?

Asian and European countries see Nigeria as a country with great potential for investments to thrive. It is on record today that Nigeria yields the highest return on investment when compared to other countries in Africa, Europe or Asia. If you want to do business in Nigeria, you are sure of higher returns on investment, given our large population, which provides a ready market for different types of goods.

The Federal Government has put in place an enabling environment as part of deliberate and renewed efforts to encourage more investors to take advantage of Export Processing Zones across Nigeria to invest in the country.



Adesina Agboluaje

Lekki Free Trade Zone

We have a lot of incentives that have been put in place by the government to encourage local and foreign investors to come and invest in our Free Trade Zones. These incentives are competitive compared to other countries across the world. However, if there are additional incentives that will make investors to invest in Nigeria, we can negotiate such incentives and with the approval of the Honorable Minister of Trade and Investment, we can make such incentives available to genuine investors.

How can the capacity of the Free Trade Zones be boosted through the legislative framework?

NEPZA is currently working on a bill that will remove all bottlenecks and strategically place Nigeria's FTZs as the hub of the global manufacturing business.

What people have been craving for is the regulation of the laws governing the zones and relating with other agencies of government. One of our mandates in the first quarter of the year is to ensure that a new bill goes to the National Assembly and we will work hard as much as possible to make sure it is passed in good time. When the bill is passed, it will address all the difficulties the operators and enterprises in the Free Trade Zones are currently facing. We believe if the bill is passed, it will improve the workability of the previous scheme.

What we are doing now is to have an organisation that is more flexible and allows us to admit more investors into the free zones in order for them to be able to carry out their businesses. We believe it will help them to invest a great deal within the zones. The specific areas of operation of the Free Trade Zones that require urgent review include the NEPZA Act 63 of 1992 to take care of the current realities of the scheme that has transformed from Export Processing Zones to Free Trade Zones/Special Economic Zones; in the process of issuing fiscal policy statements, the government should take into cognizance the implication on free zones' operations and appropriate exemptions should be made where applicable.

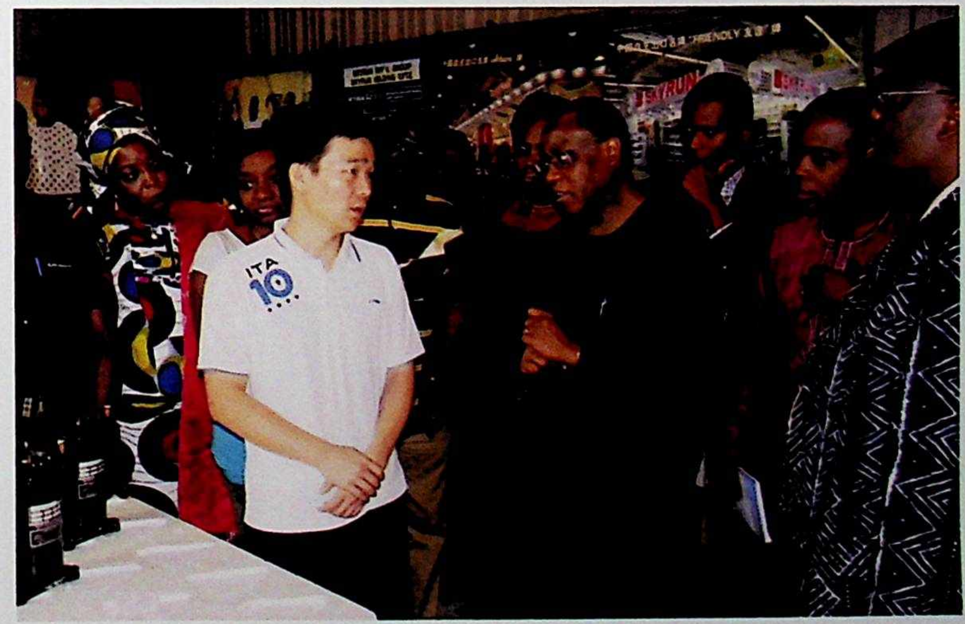
The government should also ensure that laws and procedures of relevant agencies, especially the Nigeria Customs Service and Federal Inland Revenue Service are clearly spelt out and do not in any way conflict or overlap.

There is also a need to review the free zone policy to further strengthen the operations of the scheme and the passage of the FZ Bill will eliminate some of the challenges facing the scheme.

There is also the need to provide high quality infrastructure in the zones in order to attract investors. We need to also market the Free Trade zones in Nigeria, locally and internationally, implement the one-stop approval policy in all the zones, and intensify monitoring and evaluation.

What is NEPZA doing to ensure that investors that have been given licences to operate in the FTZs fully utilise their licences?

NEPZA, through the approval of the



Honourable Minister of Trade and Investment, is considering the suspension of licences granted to investors who are not making use of their licences by investing in the FTZs.

The Minister is currently considering suspending the licences given to promoters of free zones who are not doing any work on the licences within the stipulated period of time. Subsequent licences that will be given for the free zone with the approval of the Minister will be given the timeframe within which they will develop and conclude the development and running of the facilities.

How will you describe the journey so far and what are the major challenges facing the Authority?

It has been very challenging, interesting and also very fulfilling, in the sense that we can see physical developments in an area where nothing has been. What gives us the greatest joy is that we have been able to create jobs, generate wealth and improve the standard of living of our people. My greatest happiness is that I am able to participate in seeing an institution grow from zero to high performance, which I will rate from 16 per cent to 75 per cent. We were able to achieve this through hard work

When I started working with NEPZA, there was no single investor in the zones; but today, we have a list of investors all across the country. We used to have one free zone; but today, we have about 25 free zones all across the country. I used to encourage foreign investors by accommodating them, cooking and driving them so many times for them to stay. And this attitude created a lasting impression on them to stay and invest in Nigeria. Today, my greatest joy is that I was able to participate in the process of developing the zones and my country.

What is the future outlook of investing in Nigeria?

A lot of opportunities currently exist for local and foreign investors in the FTZs. The government has put in place an enabling environment to safeguard the investment of both local and foreign investors, who are willing to take advantage of the opportunities in the FTZs.

We still have the capacity to absorb more companies into the FTZs. In spite of the infrastructural challenge that we are facing, which the government is aggressively addressing, there are a lot of untapped potential in Nigeria. I will rather live in Nigeria than any other country. We may have shortcomings here as a nation, but the challenges will soon be overcome. The result of the government may appear slow but once the result is fundamental, its permanent and I think that is the aim of the government, to find a permanent solution to these issues.

What an Investor Needs to Operate in a Free Trade Zone

Investors interested in operating Free Trade Zones in Nigeria are only required to follow a few simple steps:

1. Pick up your application form online or from the administration of the Free Zone where you wish to locate or from NEPZA's headquarters in Abuja. This application form costs N50,000 (non-refundable) or its US Dollars equivalent.
2. Fill out the application form and submit it to the zone administration or the NEPZA office in Abuja along with the required feasibility study. Your application will be reviewed and either approved or returned with observations within five working days.
3. If your application is approved, the required Operation Licence can be obtained from the Free Zone administration and from there on you contact your Zone of choice. As soon as your company possesses an Operating Licence, it is officially incorporated in Nigeria and does not require any additional paper work. It is at this point that the Free Zone will discuss your location on site with you and assign and reserve a space for you.
4. Remit your investment capital through banks located in the Zone which will in turn issue a Certificate of Capital Importation.
5. Prepare your building or warehouse space. Investors who are constructing their own buildings must submit four copies of the full architectural drawings of their building for approval by the Free Zone according to established building codes. Built-up area should not exceed 70 per cent of the leased land, and construction should start within 3 months after execution of the agreement.
6. Move in and operate! The process is just that easy! The government has designed the process to be as streamlined and user-friendly as possible. Some companies may have some additional permits and procedures to follow such as obtaining permission for your foreign national and employees which can be done on-site as immigration offices are in the Free Zones.

First Bi-Annual Seminar for Trade and Investment Correspondents & Business Editors held in Abuja in March 2012

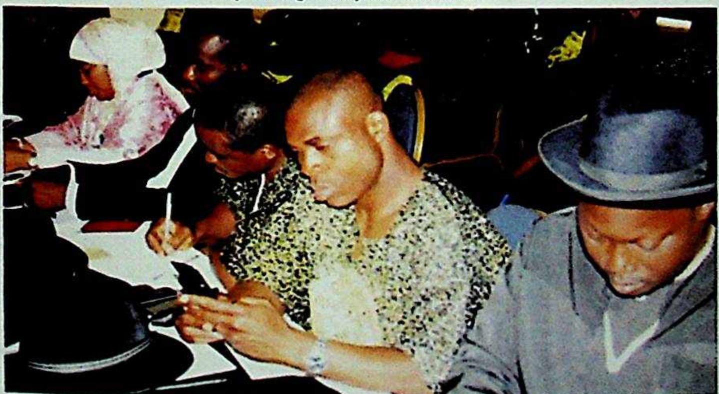
Chief Executive Officer, Financial Reporting Council, Mr. Jim Obazee, and The Honourable Minister Of Trade & Investment, Olusegun Aganga during the first bi-annual workshop for trade and investment correspondents and business editors

Mr. Obazee, Hon. Minister, Mr. Aganga & Dg Consumer Protection Council, Mrs. Ify Umenyi

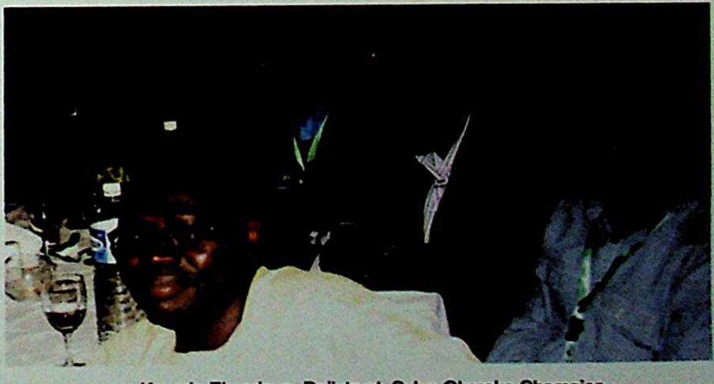
Mr. Toba Aboola, Chairman Trade & Investment Correspondents receiving his Certificate Of Participation from the Honourable Minister

Hon. Minister Olusegun Aganga and other participants enjoy a joke by Gbenga Adeyinka The First

Yemi Kolapo and other participants at the seminar



Ummulkhair Ibrahim, Wole Famurewa CNBC and Mr. Crusoe Osagie, ThisDay



Kayode Ekundayo, Dailytrust, Sylva Okereke Champion Toba Agboola, The Nation and Fabanise Olajide, New Star

FG's assisted mass transit buses begin operation

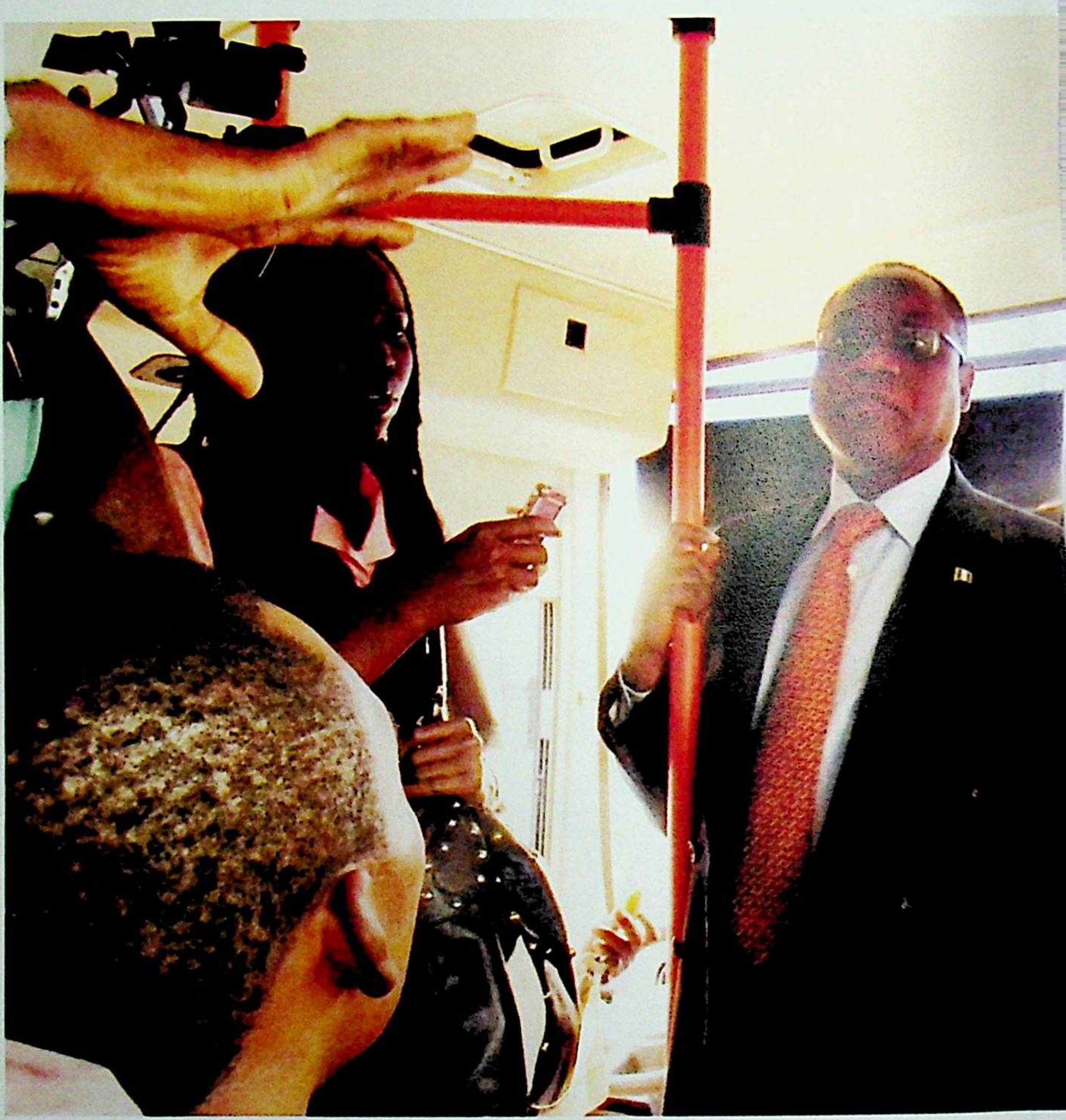
...Transport fare crashes

The Federal Government-assisted mass transit buses began operations in January in the Federal Capital Territory.

The buses, with carrying capacity ranging from 26 to 50 passengers, are expected to convey commuters to and from major routes in Abuja at reduced prices.

Speaking during an inspection of the operations of the mass transit scheme in Abuja, the Minister of Trade and Investment, Mr. Olusegun Aganga, said the initiative was part of the intervention programme of the Federal Government aimed at reducing the impact of the Federal Government's deregulation policy by making mass transit buses available and affordable for all Nigerians.

He noted that the scheme had been developed within the context of a bigger initiative of President Goodluck Ebele Jonathan's Transformation Agenda, which included the development of a robust and sustainable mass transit programme for the entire country with the involvement of the local and state governments.



Hon. Minister Olusegun Aganga inside one of the mass transit buses intervention during fuel subsidy removal

The minister said, "For the operators of the buses, government has worked out modalities for reducing the cost of vehicle acquisition with bulk purchasing and also reduce other operational costs like maintenance and other charges like insurance, etc. In this regard, all the contracts have a 10-year maintenance agreement to ensure the continued availability of the buses. This will translate into a drastic 20 per cent reduction in transport fare by the operators of these buses."

He added, "We are leveraging on government's expenditure to attract Foreign Direct Investment into the automotive sector of the Nigerian economy. We have already taken steps to ensure that the manufacturing of these mass transit buses is localized. To that end, a minimum of half of the buses will come from the local bus assemblers. To fulfill this order, the local manufacturers will double their production staff to over 5,000 persons. This will result in the creation of direct and indirect employment and wealth generation for our people. "The Federal Government intends to leverage this programme to generate jobs by encouraging other bus manufacturers to establish manufacturing plants locally. About 30 per cent of the buses launched today are already from the local assemblers. The automotive industry has the largest spill-over effects of any industry and we are working on a new automotive policy to make it easy for investors to establish locally. Some foreign suppliers have already expressed interest in this regard.

"This initiative is just the beginning of a robust, enduring self-sustaining integrated mass transit system that incorporates a strong partnership among the three tiers of government in our effort to achieve affordability in mobility."

Some of the passengers who besieged the Julius Berger Motor Park, Berger Roundabout to board the mass transit buses plying Maraba and Kuje routes, described the new initiative as a welcome relief. "This is a very good initiative because of the hardship we pass through everyday. The initiative is very commendable because the fare for the buses are cheaper and more comfortable. For instance, we used to pay N120 before January 1, 2011 from Berger to Maraba. After deregulation on January 1, we were paying N150. But now, the Federal Government's mass transit buses are collecting N80. That is why many people are rushing to board the Federal Government buses," said Mr. Chinedu Godwin.

Speaking during the event, the National President, National Union of Road Transport Workers, Alhaji Najeem Usman Yasin, said that transport operators were committed towards ensuring the drastic reduction of transportation fare.

"With the support of the Federal Government, especially the zero interest rate on the cost of acquiring the buses and spare parts, we will do our best to ensure the successful implementation of the Federal Government's Mass Transit Scheme," he said.

DG National Automotive Council (NAC), Eng. Aminu Jalal Mr. Dokpes A. Kenneth, Afemai Line Transport, Hon. Minister, Trade & Investment, Olusegun Aganga, National President, N.U.R.T.W, Alhaji Najeem Usman Yasim and MD Urban Development Bank of Nigeria, Mr. Abdulrazak O. Adekunle

The President of N.U.R.T.W, Alhaji Najeem Yasim; Honourable Minister of Trade & Investment, Olusegun Aganga and Mr. Oyinloye Adekunle, MD, Urban Mass Development Bank of Nigeria at the Wuse Zone 5 Bus Stop, Abuja

Honourable Minister, Olusegun Aganga and Mr. Oyinloye Adekunle, MD, Urban Mass Development Bank of Nigeria

Nigerian Economy and Aganga's investment therapy

In spite of the anticipated consequences of the part-removal of fuel subsidy, and the apparent security challenges in the nation, investors have continued to show interest in key sectors of the Nigerian economy. It was clear at the beginning of the President Goodluck Jonathan administration that attracting Foreign Direct Investment into the country was a priority, especially with the creation of the Ministry of Trade and Investment to take care of trade, including investment matters across all sectors of the economy.

Analysts had said, then, that the decision to put the erstwhile Minister of Finance, Olusegun Aganga, in charge of the new ministry's affairs, was the best for the nation, taking into consideration his unrivalled experience as the Managing Director of one of the world's biggest investment banks, Goldman Sachs. But it was unclear how he would achieve the goal of attracting enough investments to turn round the nation's economy in four years in the face of daunting challenges.

While some experts had said that the nation's comatose infrastructure would be a major hindrance to a successful investors' chase, others had said that the realisation that the Federal Government had put a round peg in a round hole, as regards investment matters, would sustain investors' confidence and help achieve the President's transformation agenda.

Notwithstanding the scepticism, Aganga had been confident, right from when he assumed office that, for any smart investor, the opportunities in Nigeria far outweighed any negative index. He had always said at the slightest opportunity that the key ingredients of a fruitful investment were capital, technology, market and raw materials.

Capital and technology can be moved in from anywhere, but, according to the investment expert, market and availability of raw materials are the two main fixed factors that will always make investing in Nigeria attractive to rational investors.

He said at his ministry's maiden interaction with the private sector that the poor situation in the power sector should not be a disadvantage but an investment opening that called for

meaningful proposals. In line with his determination, he began the investment drive immediately with a passion that has earned him respect both at home and abroad.

Aganga's command of numbers and impeccable communication skills have, no doubt, earned the country more respect among the comity of nations, as evidenced by the comments of some trade and investment ministers of the World Trade Organisation member countries at the Eighth WTO Ministerial Conference held in Geneva in December.

Many of the world's leaders agreed that the Jonathan administration had cleared the first hurdle in the way of record growth by appointing seasoned technocrats in key areas. They said it was a good thing that an African country (Nigeria) was chairing the WTO conference for the first time since inception 16 years ago. But more importantly, they noted that Aganga, the Nigerian Trade and Investment Minister, had exhibited outstanding qualities that would open the doors for increased investments in Nigeria.

For instance, the United States Trade Representative, Ambassador Ronald Kirk, said in an interview with reporters on the sidelines of the meetings that he was impressed by Aganga's leadership style as the Chairman of the Ministerial Conference. He had said that his "calm and thorough approach" to tackling issues arising between the member countries had made the conference fruitful irrespective of the obvious bottlenecks.

Kirk, who was a former Mayor of Dallas, said the country would benefit greatly from the opportunity in terms of strong trade and investment relationships with other countries of the world as well as other benefits of the WTO, noting that "it shows the leadership quality in Nigeria."

The Indonesian Minister of Trade, Mr. Gita Wirjawan, who was also at the conference, said, during a bilateral meeting with Aganga, that the quality participation by Nigeria had enhanced the confidence of his country in the Nigerian economy.

Wirjawan added that he would lead a trade delegation to the country in February this year with the aim of striking huge, mutually beneficial investment deals, noting that he was happy that a developing country chaired the conference for the first time and managed the MC8 very well.

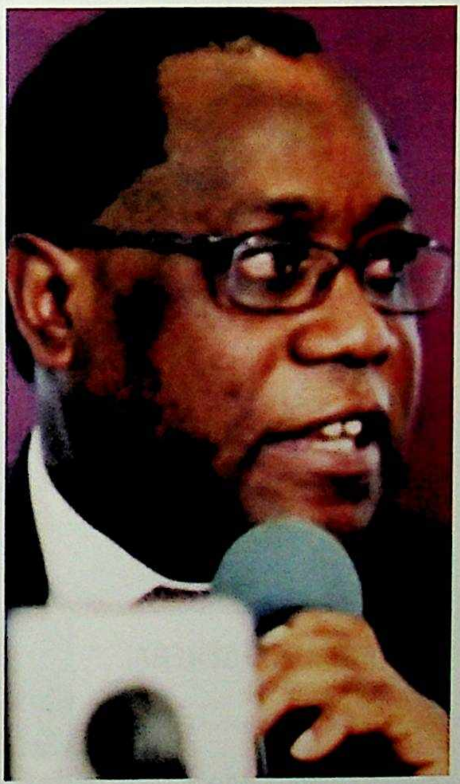
The South African Trade and Industry Minister, Dr. Rob Davies, also commended Nigeria's leadership of the WTO ministerial conference, saying that President Goodluck Jonathan assembled the best brains in his cabinet.

He said he was looking forward to good fruits from the deliberations at the WTO conference, saying that member countries had a lot to gain, going forward.

The Managing Director, Nigerian Export Processing Zones Authority, Mr. Sina Agboluaje, told reporters recently that one of the best decisions taken by President Goodluck Jonathan was to have Aganga head the Ministry of Trade and Investment.

Agboluaje said, "The ministry had never received the kind of attention it is receiving now. I've had one-on-one discussions with the minister and each time, I'm impressed by his wealth of experience. He is passionate about the job, comes up with brilliant ideas and also takes you through how to execute them. I relate with other countries a lot and I can tell you that in the next two years, when all the ministry's plans might have been well executed, Nigeria will not be the same again.

"All our major trade partners are excited, and for the first time, they have this unrestrained confidence in the Nigerian economy. Many of them have told me that his approach to investment issues and his Goldman Sachs background is a win-win for Nigeria."



Olusegun Aganga

Analysts have, however, said that the government must be committed to fighting the endemic corruption in Nigeria if any gain must be recorded in critical sectors. A financial analyst, who asked not to be named, said, with high level corruption, great efforts may yield only marginal gains.

The Federal Government is targeting sustained double-digit growth, a private sector investment flow of about N15trillion in four years and the creation of jobs to plug the country's huge unemployment hole. According to the Vision 2020 document, Nigeria needs to invest N34trillion in growth areas in the next four years. Of this, the Federal Government should account for N10trillionn, state governments, N9trillion; and private sector (both local and international), N15trillion.

However, owing to budget constraints, the federal and state governments' investment targets may not be achieved. For instance, only N1tn was in the 2011 capital budget. But with the new focus on a private sector-led growth, the country can attain N15tn private sector investment flow in four years.

The question is: after six months, can we say that the country is heading towards sustainable growth? Many experts say it is safe to say yes even though the end will justify the means. To them, there are many reasons for this optimism.

Under Aganga's watch, the Ministry of Trade and Investment has embarked on far-reaching reforms, policies and programmes geared towards creating jobs, generating wealth and enhancing Nigeria's economic growth.

As part of this strategy, the ministry has held over 50 major investor meetings in Nigeria, the United Kingdom and Australia, which have produced firm investment commitments in the health, manufacturing, agriculture, oil and gas and mining sectors, among others.

You will recall that at its maiden interaction with the Nigerian business community, the country secured firm commitments of investments worth N1.52trillion within 12 months from about 20 companies in the non-oil sector of the Nigerian economy alone. Right now, the ministry has started working with these companies to enable them realize their expansion programmes.

In order to fast-track the inflow of Foreign Direct Investment into the country, the government has created trade and investment desks within Nigeria's main embassies to act as facilitators, first points of contact and sources of information for investors. The ministry is also working with the Ministry of Foreign Affairs to develop commercial objectives for the country's main embassies. This move, according to many Nigerian ambassadors abroad, has made them busy and opened up the economy for a turnaround.

It was also recently announced that the ministry had, given the negative effects of a harsh operating environment on investment and business growth, "commenced a business and investment climate reform programme, with support from the UK Department for International Development (DFID), World Bank and other international organizations, to review relevant laws, policies, incentives, the use of free trade and economic zones, including areas identified by the World Economic Forum on Competitiveness, the World Bank and DFID in the survey on doing business in Nigeria."

On Nigeria's trade policy, Aganga said recently, "Already, we have set up a committee to look at the country's existing trade policies. The committee is still working on the policies and has asked for extension of time. I am optimistic that the committee will soon submit a creative, comprehensive, practicable and thought-provoking report that will remove all bottlenecks inhibiting the full actualisation of Nigeria's trade potential and reposition trade to serve as a catalyst for job creation, wealth generation and economic transformation.

"Our objective is to ensure that Nigeria has an all-inclusive trade policy that covers all sectors of the economy, including the export of crude oil. We need to have a robust policy that will determine how and where we export our crude oil. I expect that the committee will look into these things. The review is not the typical things that have been done before; I am looking for something better that will help harness the abundant potential and resources available in this country for the overall benefit of all Nigerians."

Again, manufacturers have said that, to boost capacity utilisation of the manufacturing sector, the new ministry is working with them to remove all bottlenecks militating against the sector.

Corroborating this view, Aganga had said, "We are working with the Manufacturers Association of Nigeria on an industrialisation plan for the country, focusing on the sectors where we have comparative and competitive advantage. Our aim is to be No. 1 in Africa and among the top 10 in the world in a few years in the Agribusiness and Agro-industries Sector; the petrochemical industry sector; the Solid Minerals and Extractive Industries Sector and the Entertainment Industry Sector. We are placing emphasis on the labour intensive sectors. The capital intensive industries are next in priority and then the high value/income sectors.

"We are also focusing on agric businesses and industries and I am delighted to say that, with the assistance of UNIDO, we have developed the Nigeria Agribusiness and Agro-Industries Development Initiative (NAADI), which will be launched soon. NAADI is a framework to pursue economic growth and development in agribusinesses."

As part of efforts to develop the local automotive industry, the ministry has now established a Nigerian Vehicle Credit Purchase scheme with N2.5billion as take-off fund to boost patronage of local automotive industry products.

Speaking during the flag-off of the operations of the mass transit buses in Abuja, Aganga stated that the ministry would leverage the mass transit programme of the Federal Government to revive the ailing automotive sector.

The mass transit bus programme, which is aimed at reducing the impact of the Federal Government's deregulation policy, will make mass transit buses available and affordable for all Nigerians. Passengers on the designated routes are excited by the 20 per cent reduction in transportation cost, which has been made possible by the scheme.

The scheme was developed within the context of a bigger initiative of President Goodluck Ebele Jonathan's Transformation Agenda, which includes the development, for the first time in Nigeria, of a robust and sustainable mass transit programme for the entire country. The programme will involve the local and state governments.

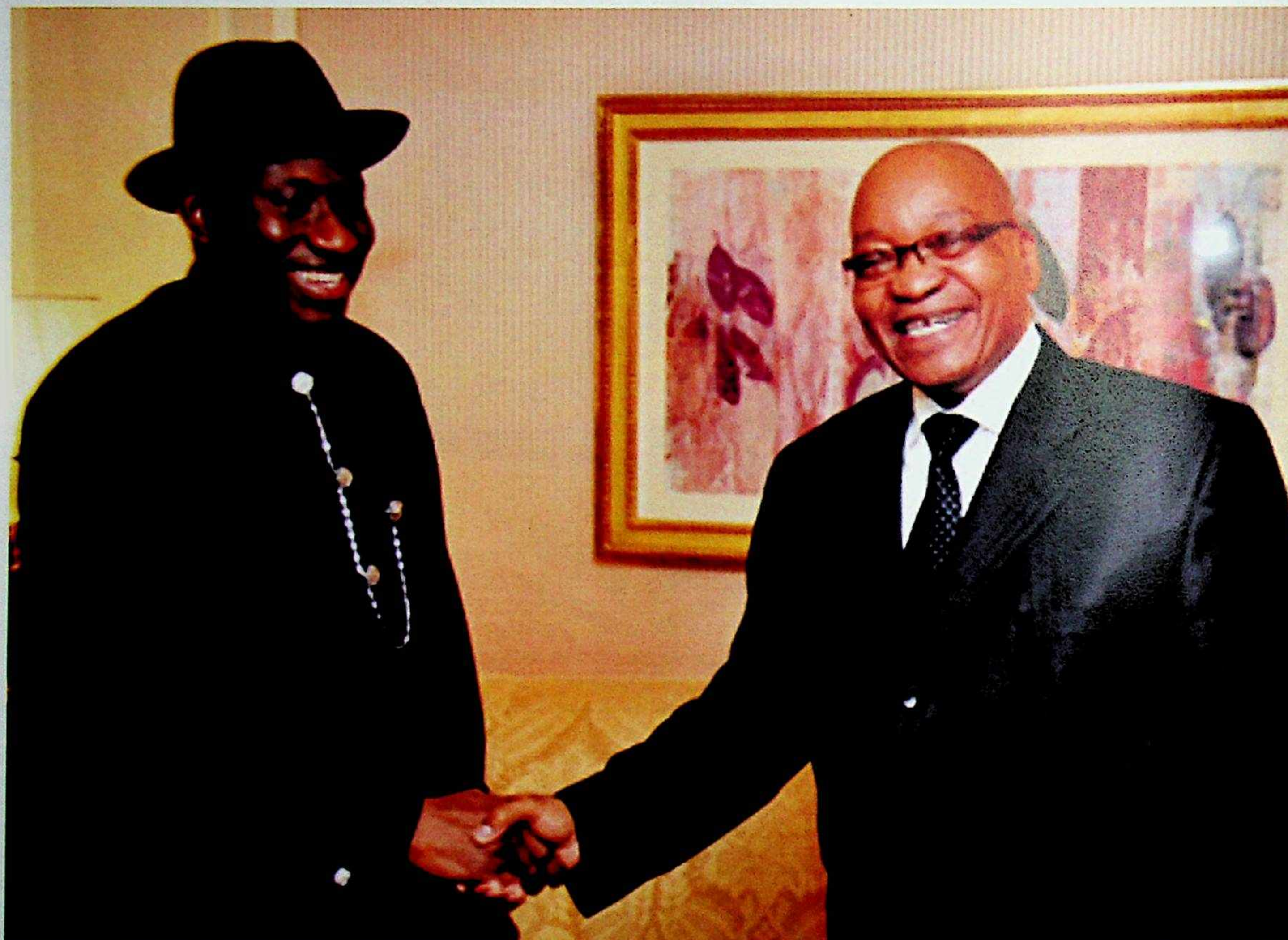
"We are leveraging on this policy to revitalise our local automotive industry by attracting Foreign Direct Investment into the sector. We have already taken steps to ensure that the manufacture of these mass transit buses is localized. To that end, a minimum of half of the buses will come from the local bus assemblers.

To fulfill this order, the local manufacturers will double their production staff to over 5,000 persons. This will result in the creation of direct and indirect employment and wealth generation for our people," the minister said. Can all these great efforts yield fruitful results? The answer depends on the will of the drivers, which seems to be in place, experts say.

(http://www.vanguardngr.com/2012/01/nigerian-economy-and-agangas-investment-therapy)

Conference Chairman Olusegun Olutoyin Aganga (R) and World Trade Organization Director General Pascal Lamy during the 8th WTO Ministerial Conference in Geneva.

Investment: Survey puts Nigeria ahead of South Africa, others



A recent survey conducted by MasterCard has put Nigeria ahead of other African emerging markets, including South Africa, Kenya, Morocco in investment savings.

According to MasterCard, the survey was part of 2011 research that involved 17,620 consumers across 24 markets across Asia/Pacific, Middle East and Africa region

The research noted that in South Africa, 42 per cent of respondents saved through investments, while only 26 per cent of Moroccans said the same. In Nigeria, 77 per cent of respondents invest, while 71 per cent of Kenyans have disposition towards investment.

Besides, while Nigerians invest hugely, the survey revealed that only 28 per cent of Nigerians plan for retirement; 45 per cent of South Africans save for their retirement. In Kenya, only 24 per cent and 28 per cent in Morocco had same plan.

More specific, the MasterCard survey shows that Nigerians understand the importance of saving, budgeting, and investing.

The research revealed that Nigerians understand the importance of saving their money, with 87 per cent of respondents agreeing to be saving on a regular basis, with a commitment to increasing their savings in the six months following the survey.

When questioned about their primary reason for wanting to increase their rate of saving over the subsequent six months, the survey stated that, 82 per cent of the respondents indicated that they were wary of the impact that global economic events may have on the Nigerian market and that they needed to prepare for unforeseen emergency expenditure.

The survey also illustrated that the percentage of their total salaries that Nigerians intended to save in the following six months was diverse, with 28 per cent saving one tenth or less, 39 per cent saving between 11-30 per cent, and 20 per cent saving more than one third of their salaries.

"Setting money aside for emergencies is one of the first steps to saving that smart consumers should take to protect themselves from the negative effects of global economic events, and they should for a savings buffer of at least three months' salary," says Area Head, East & West Africa and Indian Ocean Islands, MasterCard Worldwide, Daniel Monehin.

Continuing he said, "the results of this survey showed that Nigerians were aware of the potential impacts of the global and local economic conditions and they were taking measures to insulate themselves from adverse financial repercussions of events in the global economy."

The research noted that in South Africa, 42 per cent of respondents saved through investments, while only 26 per cent of Moroccans said the same. In Nigeria, 77 per cent of respondents invest, while 71 per cent of Kenyans have disposition towards investment.

Monehin explained that, respondents were asked a series of questions to investigate their financial and savings plans over the course of the subsequent six months, adding that data collection in Nigeria was via face to face interviews, with the questionnaire translated to the local language wherever appropriate.

He, however, said that the survey and its accompanying reports and results do not represent MasterCard financial performance.

According to him, investments, buying a house or upgrading their existing property and retirement were the most popular reasons for saving a portion of their monthly income, with a large percentage of Nigerians saving for more than one purpose.

"The high number of Nigerian consumers, who choose to invest their savings is impressive" says Monehin. "It illustrates that there are a number of available investment opportunities for Nigerians - a great example being that the Nigerian Stock Exchange offers investment opportunities from as little as N1000."

Other positive results emanating from the Nigerian survey, according to Monehin, include that a significant 96 per cent of respondents believed that they should save a portion of their monthly income, with a further 71 per cent saying that this saving should total at least three to six months' worth of income set aside for potential emergencies.

Reinforcing these positive results is the fact that 94 per cent believed it was never too early to have a financial plan, and 83 per cent agreed financial planning was not just for the rich.

Emphasising the high proportion of Nigerians, who said that they were saving specifically for their retirement years, Monehin commented, "as the country's prosperity grows, we're seeing a trend of Nigerians setting money aside for their golden years, so that they can stop working in their old age while maintaining their current living standards."

However, the survey also revealed that while Nigerians are setting money aside for their retirement years, only 24 per cent of respondents had calculated the total amount that they would need to retire to maintain their lifestyle when the time comes for them to stop working.

"It is vital that Nigerians planning for their retirement adopt a long term view with the assistance of a financial planner who is able to calculate the impacts of inflation and other market forces," says Monehin.

"An effective retirement plan requires more than just setting money aside each month, and a financial advisor will be able to offer guidance on the appropriate amount and investment vehicles."

Approximately three quarters of Nigerians said they understood the terms and conditions that are presented in financial products, they took time to compare financial products before they c commit to an investment and they regularly monitored the progress of their investments.

"This clear understanding of potentially complex products is an endorsement of the banks' extensive consumer education programmes and their commitment to promoting financial inclusion by making documentation surrounding their financial products easy to understand," said Monehin.

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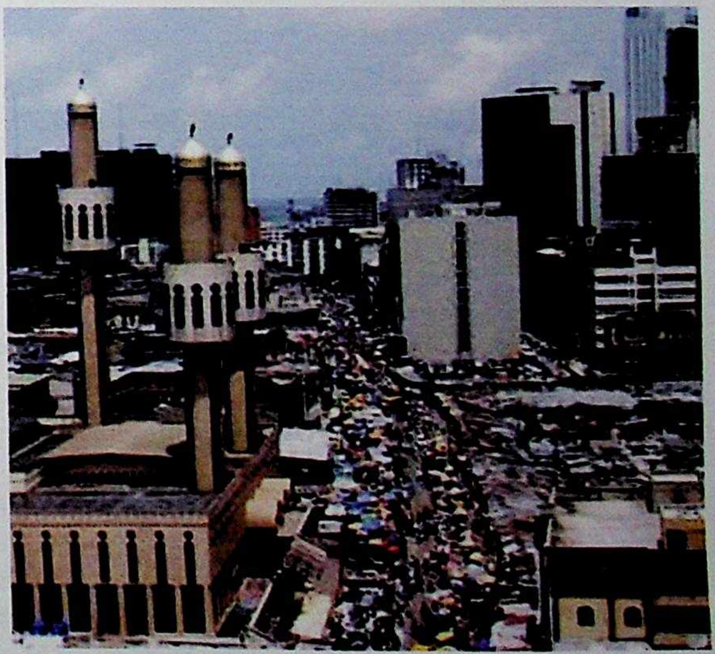


Why we are here

Opportunities in Nigeria outweigh challenges

- Simon Smits,

Netherlands' Vice-Minister, Foreign Trade

The Vice-Minister, Foreign Trade, Kingdom of the Netherlands, Mr. Simon Smits, was in Nigeria recently to discuss with Nigeria's Minister of Trade and Investment, Mr. Olusegun Aganga, about the investment opportunities in Nigeria and plans by the Netherlands to double its eight billion-euro investment portfolio in Nigeria. TIT Editor, Emeka Ezekiel, was there. Excerpts:

You have visited some states in Nigeria and also held discussions with the governors and key stakeholders in Nigeria's public and private sectors. What is your assessment of Nigeria's business environment?
I am really delighted about the opportunity to visit Nigeria and the Minister of Trade and Investment in particular, especially to discuss the issues that bear on the possibilities and opportunities in Nigeria. We like Nigeria. We have liked Nigeria for a long time because many of our businesses have been active here and committed for over 50 years. What I have observed during the past few days of my visit to Nigeria is that when I spoke with both business people from Nigeria and Netherlands, they all said that the opportunities in Nigeria out-weighed the challenges. I think that is the right way to do business.

> Many of our businesses have been active here and committed for over 50 years...And the fact that we are still around in Nigeria shows that some of our businesses have found the right place to do business. This is good for Nigeria and also for the Netherlands.

I am convinced that trade and investment are the drivers of economic development and wealth creation. Therefore, it is the responsibility of my government, and any other government, to take care of the people. I saw the signs on the walls of the governors and government of Nigeria. They are all basically saying the same thing: 'we are all dedicated to the welfare of our people'. And how do you achieve that? It is by giving the people a means of livelihood, by investing in them. When you invest in the people, you are also investing in the economy. That is what we have been doing.

We have visited some places in Nigeria, such as Lagos, Port Harcourt and Abuja. So far, we have seen tremendous changes and improvements in the livelihood of the people. On the other hand, it is realistic for people to feel that they are not there yet. Nobody expects change to take place overnight. But I think, certainly, there is a right track that the Nigerian government, both at the federal, state and local government levels, have found in order to improve the welfare of the Nigerian people. We, as the Dutch, stand ready to assist Nigeria in this regard.

Many Dutch companies are showing renewed interest in investing or expanding their investments in Nigeria. What do you think is responsible for this?
A number of our businesses have been in the various sectors of the Nigerian economy for many decades. Obviously, they will not still be here if Nigeria is not profitable for them because doing business is a two-way thing. The beautiful thing for business, trade and investment is that there are no winners or losers. It is always a win-win situation because if you don't do it as partners , and on the basis of respect and long-term commitment, then you are out of business at all times. And the fact that we are still around in Nigeria shows that some of our businesses have found the right place to do business. This is good for Nigeria and also for the Netherlands.

What is the current value of Netherlands' investment in the Nigerian economy?
Investments from the Netherlands in Nigeria now total about eight billion Euros. However, there is always room for improvement. So, we hope to see the doubling of these investments in the coming years, as well as the improvement in the bilateral trade relationship between the two countries.

What do you think Nigeria and Netherlands share in common in terms of economic and investment opportunities?
In the Netherlands, we have had the Dutch disease and we have learnt from it. Nigeria's Minister of Trade and Investment, Olusegun Aganga, is aware of this because he is extremely well-informed and an expert in finance as well as trade and investment. We had, indeed, squandered part of our wealth in the 70's building a welfare state without investing or making the right investments. However, we have turned around, we have come back to our senses and are now on the right track. To a large extent, we are a gas-based economy but the best part of our Gross Domestic Product is constituted by agro-food and logistics. The same is true for Nigeria. Your agro-allied industry is a very important sector and we are exploring that apart from other industries in Nigeria that are extremely interesting.

I think that the sectors of the Dutch economy that I want to characterise as the top sectors are the chemical industry, renewable energy and logistics. Also, we have everything to do with water - whether it is sailing on the water, port operations, water management, etc. I think in all these sectors, we can be good partners with Nigeria.

Focus
- Many Netherland businesses in Nigeria have been active for over 50 years.
- Opportunities in Nigeria out-weigh challenges.
- Investments are the drivers of change, development and wealth.
- Investments from the Netherlands in Nigeria now total about eight billion euros
- Investment may double in the next few years ■

PhotoNEWS

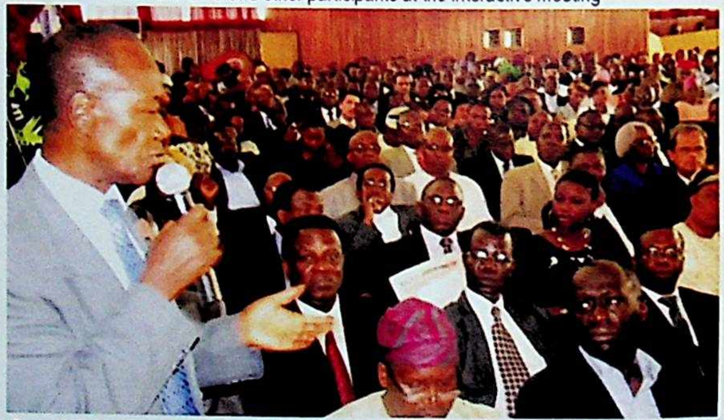
Maiden Interactive Meeting with Business Community in Lagos

Mr. Olabimtan, Chief (Mrs) Nike Akande, Hon. Minister of Trade & Investment, Olusegun Aganga and Oba Otudeko

President of Manufacturers Association of Nigeria, Chief Kola Jamodu, chatting with Hon. Minister, Olusegun Aganga

Hon. Minister, Mr. Aganga, Chief Kola Jamodu and Mrs. Stella during a visit of the Manufacturing Association of Nigeria (MAN) to the Ministry's Headquarters, Abuja

Mr. Jim Ovia and other participants at the interactive meeting

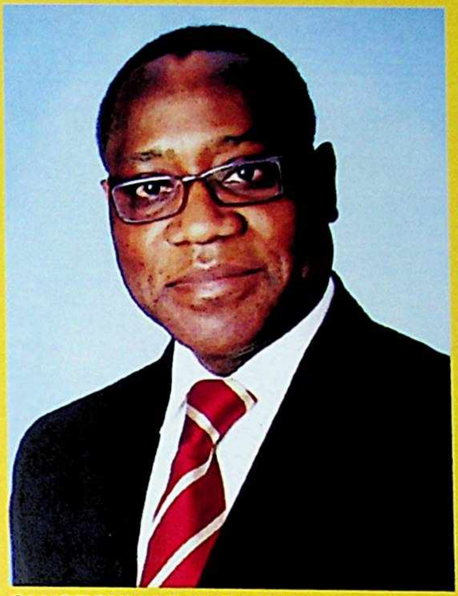


Eng. Joseph Makanju, MD Dangote Cement, Alhaji Aliko Dangote Group, MD First Bank Mr. Bisi Onasanya and other participants

Mr. Aganga, Country Director, World Bank, Ms. Francoise Marie-nelly and Country Director, UK Department for International Development, Mr Richard Montgomery

FMTI TEAM

DR. SAMUEL ORTOM
HON. MINISTER OF STATE
FOR TRADE AND INVESTMENT



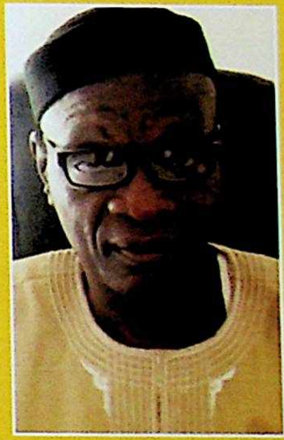
OLUSEGUN AGANGA (CON)
HON. MINISTER OF TRADE
AND INVESTMENT

MR. DAUDA KIGBU,
PERMANENT SECRETARY
FMTI

ALHAJI LATEEF SALAMI
DIRECTOR,
INDUSTRIAL
DEVELOPMENT

ENG. SAMUEL A. ADENIYI
DIRECTOR, INDUSTRIAL
INSPECTORATE

WUESE AL, DIRECTOR,
HUMAN RESOURCES



ENG. JOSEPH SIKUADE
Ag. DIRECTOR, WEIGHTS
AND MEASURES

MRS. A.F. OLUMODIMU
DIRECTOR, POLICY,
STANDARDS,
RESEARCH AND STATISTICS

MR. DAVID ADEJUWON
DIRECTOR, TRADE

DR. YEMI APANISHILE
DIRECTOR, COMMODITIES
AND PRODUCTS
INSPECTORATE

MR. SULE ADANU
DIRECTOR, FINANCE
AND ACCOUNTS

DIRECTOR, PERMANENT
SECRETARY'S OFFICE:
MRS. OGUNBELA OLAYINKA

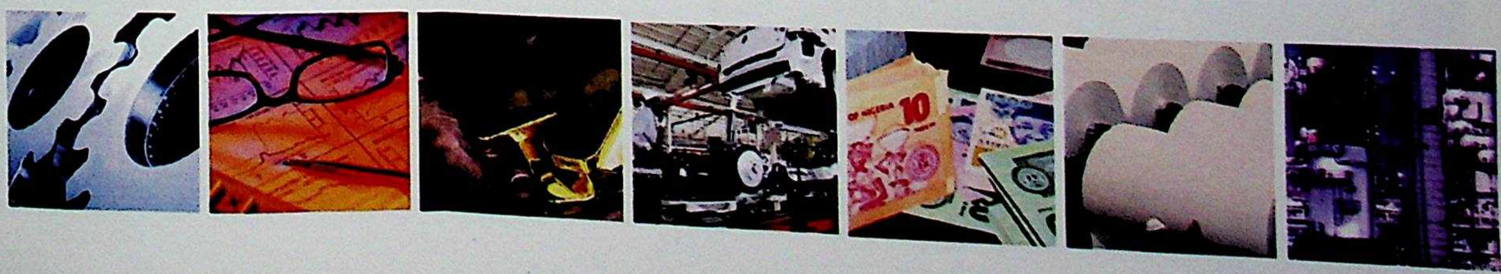
DIRECTOR, COMMERCIAL LAW
AND REGISTRAR TRADE MARK
N. SALMAN MANN

Parastatals Under The Federal Ministry Of Trade And Investment And Their Chief Executives

S/NO	ORGANIZATION	NAME OF CHIEF EXECUTIVE	DESIGNATION	ADDRESS
1.	Consumer protection Council	**Mrs. I. F. Umenyi**	**Director-General**	Dare-Salem Street, Off Aminu Kano Crescent, Abuja.
2.	Nigerian Export Processing Zones Authority	**Mr. Sina A. Agboluaje**	**Managing Director**	No. 2, Zambezi Crescent, Cadastral Zone A6, Maitama, Abuja.
3.	Corporate Affairs Commission	**Alhaji Bello Mahmud**	**Registrar-General**	Plot 420, Tigris Crescent, Off Aguiyi Ironsi Street Maitama, Abuja.
4.	Nigeria Export Promotion Council	**Mr. D. Adulugba**	**Executive Director/CEO**	No. 40 Balantyre Street, Wuse II, Abuja.
5.	Oil and Gas Free Zone Authority	**Dr. Abe S. Noble**	**Managing Director**	Onne, port-Harcourt,Rivers State.
6.	Financial Report Council	**Jim Obazee**	**Executive Secretary**	Elephant Cement House, 3rd Floor, Assbifi Road, Alausa, Ikeja Lagos
7.	Abuja Securities and Commodity Exchange Plc	**Mr. Yusuf Abdurrahim**	**Managing Director**	397, Muhammadu Buhari Way, Central Business District, Abuja.
8.	Lagos International Trade Fair Complex Management Board	**Mr. D. E. Bassey**	**Ag. Managing Director**	Block D Area 1, Old Federal Secretariat, Garki Abuja.
9.	Bank of Industry Limited	**Ms. Evelyn N. Oputu**	**Managing Director**	Near Bank of the North Herbert Macaulay Way Central Business District, Abuja.
10.	Industrial Training Fund (ITF)	**Prof. Longmas Wapmuk**	**Director-General**	Miango Road, P.M.B. 2199 Jos

Parastatals Under The Federal Ministry Of Trade And Investment And Their Chief Executives

11.	Standards Organisation of Nigeria (SON)	**Dr. Joseph Odumodu**	Director-General	Corporate Office, Wuse Zone 7, Abuja.
12.	National Sugar Development Council	**Dr. L. Busari**	**Executive Secretary**	Plot 546/565 Off Independence Way, 4th Floor, RCC Building, Central Business District, Abuja.
13.	National Automotive Council	**Engr. Aminu Jalal**	**Director-General**	No. 23, Parakou Street, Wuse II, Abuja.
14.	Small and Medium Enterprises Dev. Agency of Nigeria	**Mallam Muhammed Nadada Umar**	**Director-General**	Plot 684, port-Harcourt Crescent, Area II, Garki, Abuja.
15.	Tafawa Balewa Square Investment Company Ltd.	**Mrs. Aisha I. Bakari**	Managing Director	Race-Course, Lagos.
16.	Nigerian Investment Promotion Commission	**Engr. Mustapha Bello**	Executive Secretary/CEO	Plot 1181, Aguiyi Ironsi Street, Maitama District, Abuja.



PhotoNEWS

Doing Business 2012

A Two-Day Workshop on Reform of Business Environment in Nigeria

Minister of Trade and Investment, Mr. Olusegun Aganga; Country Director, World Bank, Ms. Francoise Marie-Nelly; and Country Director, UK Department for International Development, Mr. Richard Montgomery.

Minister of State for Trade and Investment, Dr. Samuel Ortom; Team Leader GEMS 3; and Deputy Team Leader, Mr. Obinali Egele

Country Director, DFID, Mr. Richard Montgomery; Country Director, DFID, Mr. Oladipo Odujinrin; and Minister of State for Trade and Investment, Dr. Samuel Ortom.

Minister of Trade and Investment, Mr. Olusegun Aganga; Country Director, World Bank, Ms. Francoise Marie-Nelly; and Country Director, UK Department for International Development, Mr. Richard Montgomery