

**Establishing Business in Nigeria by Foreign
Investors - Issues, Challenges and Prospects**

By

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Key Issues for Investors

● Stability

- Clear fiscal rules, stable government policies, level playing field.

● Ownership

- Structure independent from interference e.g. JV

● Incentives

- Guarantees, tax holiday period, etc

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Foreign Investment can only be enabled and not legislated
as investment can flow to other more attractive countries



NLNG Experience

- **Incorporated – 1989**
 - 30yrs on drawing board with lost opportunities in market share, profitability, reducing flared gas, etc
 - Fiscals (10yr tax holiday, Guarantees, Incentives) signed in the NLNG act, made the difference to starting.

- **Ownership Structure**

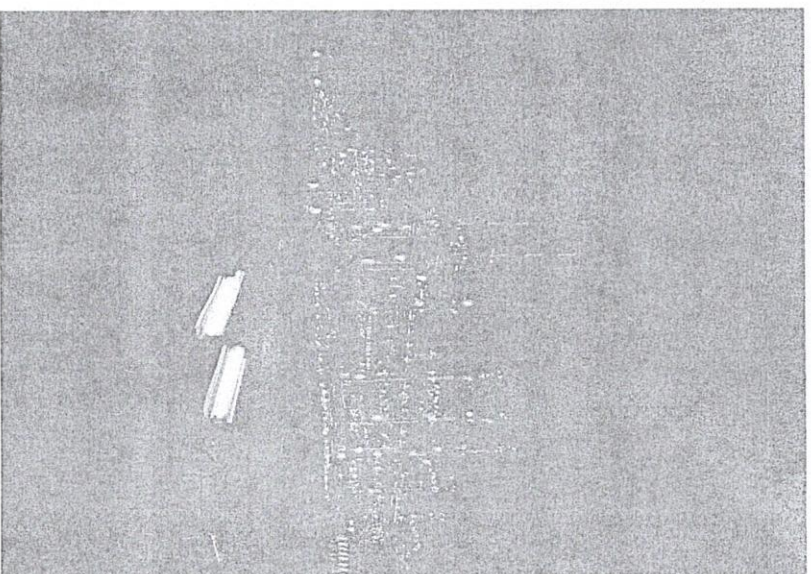
- JYV (NNPC, Shell, Total, ENI) create investor confidence as well as world standard experience in Board plus local understanding, leading to continued success till date.

- **Benefits**

- Initial Foreign Direct Investment of \$9.5b
- High return (\$2.5b FGN investment yielded \$9b in 7yrs)
- World Class plant plus 13 LNG Carries owned, 13,000 project jobs created, intervention in Domestic LPG 150k MT, etc)

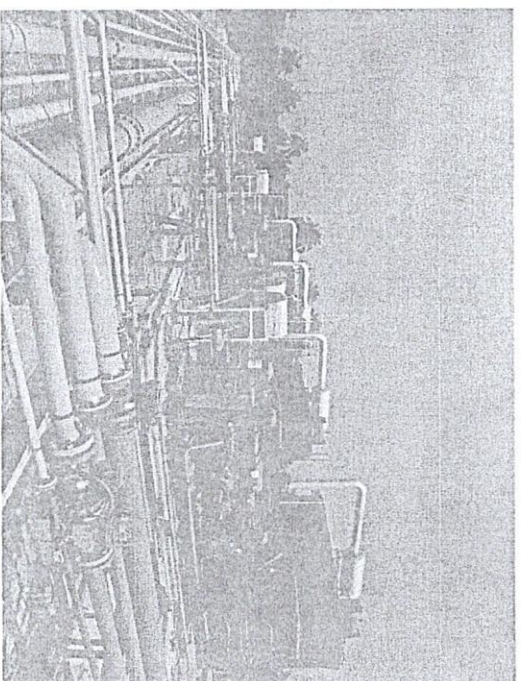


NLNG - delivering 8% of world's LNG & 4% of Nigeria's GDP



Challenges

- **Instability**
 - *Changing rules very early on or midway*
 - *Short life span of government policies*
- **Regulators**
 - *Multiple overlapping tax - Federal, State, Local*
 - *Resolution of tax issues including VAT refund*
- **Infrastructure**
 - *Challenges in Power, Transportation, Ports, etc*
- **Corruption**
 - *Attempt at interferences under different guise*
- **Insecurity**
 - *Niger Delta Militants, Boko Haram, Kidnapping.*



Prospects

- **High Return**
- **Huge population/market**
- **Low labour costs**
- **Abundant natural resources**



Attracting FDI - Government's role

- Enforce rule of law and stability
- Institutionalize transparency
- Public-Private Partnerships (PPP)



- *Provision of Infrastructure*

- **Ensure Economic growth**

- *Further Reforms (Power, Education) and diversification (Agric. & Mining)*

- **Effective Use of Fiscal and Tax incentives**

- *Tax Holidays and discounts in Agriculture. Manufacturing, etc*

- **Reduce Multiple Tax**

- *Collaboration with States and local govts. To ensure compliance*

Nigeria LNG Limited

**- A Global LNG Company, helping to build a
better Nigeria**

Thank you

