UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

IPR

INVESTMENT POLICY REVIEW

REPORT ON THE IMPLEMENTATION OF THE INVESTMENT POLICY REVIEW

NIGERIA

UNITED NATIONS

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD

IPR

INVESTMENT POLICY REVIEW

REPORT ON THE **IMPLEMENTATION** OF THE INVESTMENT **POLICY** REVIEW

NIGERIA

UNITED NATIONS
Geneva, 2019

This publication has not been formally edited.

United Nations publication issued by the United Nations Conference on Trade and Development.

UNCTAD/DIAE/PCB/2018/6

NOTES

Under its overall mandate on trade and development, UNCTAD serves as the focal point within the United Nations Secretariat for all matters related to foreign direct investment. Its work is carried out through intergovernmental deliberations, research and analysis, technical assistance activities, seminars, workshops and conferences.

The following symbols have been used in the tables:

- **Use of an en dash (–) between dates** representing years, for example, 2004–2005 signifies the full period involved, including the beginning and end years.
- **Reference to dollars ($)** are to United States of America dollars, unless otherwise indicated.
- **Annual rates of growth or change**, unless otherwise stated, refer to annual compound rates.
- **Details and percentages** in tables do not necessarily add to totals because of rounding.

CONTENTS

ABBREVIATIONS

ACFTA	African Continental Free Trade Agreement/Area
ADR	alternative dispute resolution
BIT	bilateral investment treaty
BP/EQ	business permit/expatriate quota
CBN	Central Bank of Nigeria
CET	common external tariff
CIT	corporate income tax
DPR	Department of Petroleum Resources
DTT	double taxation treaty
EBES	Enabling Business Environment Secretariat
ECOWAS	Economic Community of West African States
EDF	Export Development Fund
EEG	Export Expansion Grant
EIA	environmental impact assessment
EIU	Economic Intelligence Unit
EPA	European Partnership Agreement
EPSR	Electric Power Sector Reform
EPZ	export-processing zone
ERGP	Economic Recovery Growth Programme
ETLS	ECOWAS Trade Liberalization Scheme
FDI	foreign direct investment
FMITI	Federal Ministry of Industry, Trade and Investment
GDP	gross domestic product
GFCF	gross fixed capital formation
GW	gigawatt
IAT	import adjustment tax

ILO	International Labour Organization
IMF	International Monetary Fund
IPA	investment promotion agency
IPP	industrial project profiles
IPR	investment policy review
ITC	International Trade Commission
ITPO	Investment and Technology Promotion Office
LEADS	Linkages with Experts and Academics in the Diaspora Scheme
MDA	ministry, department and agency
MDC	multi-door courthouse
MFZ	multiple-facility zone
MNE	multinational enterprise
MOU	memorandum of understanding
₦	Nigerian currency (naira) symbol
NAP	national action plans
NBS	National Bureau of Statistics
NEPC	National Export Promotion Council
NEPZA	Nigeria Export Processing Zones Authority
NESREA	National Environmental Standards and Regulations Enforcement Agency
NIPC	Nigerian Investment Promotion Commission
NIRP	National Industrial Revolution Plan
NITTF	NOTAP-Industry Technology Transfer Fellowships
NNPC	Nigerian National Petroleum Corporation
NOSDRA	National Oil Spillage Detection and Response Agency

NOTAP	National Office for Technology and Promotion
NUC	National Universities Commission
ODL	open and distance learning
OECD	Organization for Economic Cooperation and Development
OSIC	One-stop Investment Centre
OSSAPFAD	Office of the Senior Special Assistant to the President on Foreign Affairs and Diaspora
PACAC	Presidential Advisory Committee Against Corruption
PACDM	Presidential Advisory Committee on diaspora Matters
PEBEC	Presidential Enabling Business Environment Council
PPP	public–private partnership
PSRP	Power Sector Recovery Programme
R&D	research and development
SEZ	special economic zone
SME	small and medium-sized enterprise
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
TAS	Technology Advisory Services
TSA	Treasury Single Account
UNIDO	United Nations Industrial Development Organization
USDOS	United States Department of State
VAT	value added tax
WIPO	World Intellectual Property Organization
WIR	World Investment Report
WTO	World Trade Organization

INVESTMENT POLICY REVIEW SERIES

1. Egypt
2. Uzbekistan
3. Uganda
4. Peru
5. Mauritius
6. Ecuador
7. Ethiopia
8. United Republic of Tanzania
9. Botswana
10. Ghana
11. Lesotho
12. Nepal
13. Sri Lanka
14. Algeria
15. Benin
16. Kenya
17. Colombia
18. Rwanda
19. Zambia
20. Morocco
21. Viet Nam
22. Dominican Republic
23. Nigeria
24. Mauritania
25. Burkina Faso
26. Belarus
27. Burundi
28. Sierra Leone
29. El Salvador
30. Guatemala
31. The former Yugoslav Republic of Macedonia
32. Mozambique
33. Djibouti
34. Mongolia
35. Bangladesh
36. Republic of Moldova
37. Republic of the Congo
38. Sudan
39. Bosnia and Herzegovina
40. Madagascar
41. Kyrgyzstan
42. Tajikistan
43. The Gambia
44. South-East Europe
45. Lebanon
46. Cabo Verde

1. INTRODUCTION

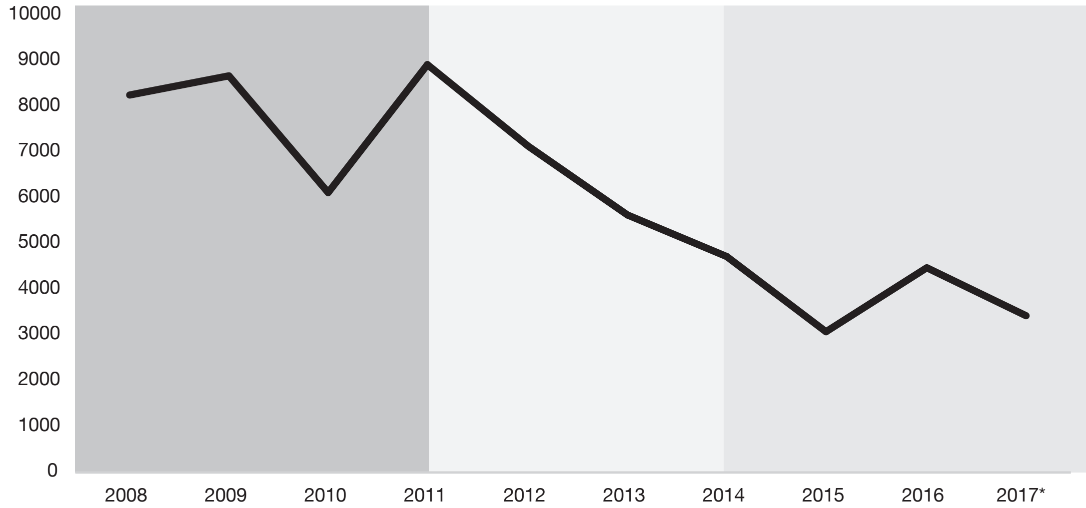
The UNCTAD investment policy review (IPR) of Nigeria was completed in 2008. In line with national development objectives, the IPR analysed the main bottlenecks impeding economic diversification, with a focus on developing the manufacturing sector with the assistance of foreign direct investment (FDI). At that time, the sector attracted little investment, and FDI was concentrated in the oil industry. In addition, foreign manufacturing operations were generally at very early stages of firm-level development, and their impact on the country's industrial development had been low. The IPR thus examined how to obtain a more significant contribution of investment, including FDI, and proposed a strategy to induce and support foreign affiliates in manufacturing. The goal was to increase their presence in the country and their contribution to the development of Nigeria.

The key findings and recommendations of the IPR were presented and discussed at a cabinet meeting chaired by the President of Nigeria in July 2008. On that occasion, the Government of Nigeria committed to implementing many of the IPR's recommendations. In March 2018, at the request of the Government, UNCTAD conducted a mission to review the progress made in implementing the recommendations set out in the IPR. This report summarizes the findings of the mission.[1]

2. KEY FDI TRENDS SINCE THE IPR

FDI trends, as well as more general economic trends in Nigeria since the completion of the IPR in 2009, can be divided into three distinct phases, as shown in the figure below:

FDI inflows to Nigeria 2008–2017
(Million dollars)



Source: UNCTAD.
Note: * = estimate

2008–2011: The peak years

Supported by high prices of oil and natural gas on international markets, growth of the gross domestic product (GDP) of Nigeria averaged 6.5 per cent per year over the period 2008–2011 (World Bank, 2018), and the country attracted on average $8 billion of FDI per year. In 2011, FDI inflows reached an all-time record of $8.9 billion, which accounted for one fifth of total inflows to Africa that year (UNCTAD, 2012). During this period, several policy initiatives to improve the investment climate were launched, in line with the recommendations of the IPR. For instance, in the area of tax reform, a national tax policy was prepared,[2] which called for a leaner tax regime based on fewer incentives and a lower corporate income tax for all. With respect to land, the Presidential Technical Committee on Land Reform was established, which called for the abolition of the requirement for all land transactions to receive clearance from State governors. None of these initiatives has, however, been translated into practice. In 2010–2011, according to national survey data, half of FDI inflows remained concentrated in the extractives industries (CBN, 2012).

2012–2014: The decline

During this period, GDP growth remained high, averaging 5 per cent, and the unemployment rate stood at 7.5 per cent at the end of 2014 (IMF, 2018). However, security issues associated with the terrorist activity of Boko Haram and the political uncertainty surrounding the 2011 presidential elections affected oil production and investors' confidence. These led to successive falls in FDI inflows in 2012 ($7.1 billion) and 2013 ($5.6 billion). While early signs of recovery were visible in 2014, the drop of oil prices at the end of the year negatively impacted the availability of foreign currency. This led to a devaluation of the naira against the dollar,[3] and resulted in a third year of decline in FDI inflows ($4.6 billion). No significant investment climate reforms were undertaken during this period, and FDI in the extractive industries averaged 43 per cent of the total, indicating that the decline affected both the oil and non-oil sectors (CBN, 2014; CBN, 2015; CBN, 2016).

2015–2017: The crisis and the response

The decline in oil prices continued and led to a severe shortage of foreign currency. In 2015, the Central Bank of Nigeria pegged the naira to the dollar. It also introduced restrictions on the access to foreign currency for 41 categories of imports (corresponding to over 680 tariff lines), with the intention of substituting them with local production and reducing the pressure on foreign exchange reserves and the naira. The overall effect, however, was a worsening of the trade deficit (WTO, 2017).[4] Security remained an issue, and renewed policy uncertainty related to the 2015 presidential elections contributed to a wait-and-see approach by investors. In 2016, all sectors of the economy, with the exception of agriculture, contracted, and Nigeria entered into a recession, with a negative GDP growth of 1.6 per cent (World Bank Stats, 2018). By the third quarter of 2017, unemployment had increased to over

18 per cent (IMF, 2018). The peg to the dollar was abandoned in June 2016, and the naira plummeted. Since then, attempts to manage the currency market have led to the re-emergence of multiple exchange rates to subsidize sectors considered important for economic or social reasons (IMF, 2017). In this context, FDI inflows bottomed at $3.1 billion in 2015, and despite increasing to $4.4 billion in 2016, they remain low and unstable, reaching an estimated $3.4 billion in 2017.

FDI inflows to Nigeria and comparator countries

Country	Average inflows of foreign direct investment								Foreign direct investment stock		
	Absolute figures		Relative figures						Absolute figures	Relative figures	
	Million of dollars		Per capita (dollars)		Per $ 1 000 gross domestic product		As percentage of gross fixed capital formation		Total million of dollars	Per capita (dollars)	Percentage of gross domestic product
	2008–2012	2013–2017	2008–2012	2013–2017	2008–2012	2013–2017	2008–2012	2013–2017	2017		
Nigeria	7 808	4 264	49	24	22	9	15	7	97 687	512	26
Angola	-1 853	1 187	-73	39	-14	13	-6	7	12 075	405	9
Côte d'Ivoire	359	518	18	22	14	15	13	7	9 475	390	23
Egypt	5 628	6 258	68	66	29	24	15	15	109 660	1 124	56
Equatorial Guinea	1 307	268	1 339	234	75	17	16	6	13 715	10 819	125
South Africa	5 830	3 872	114	71	18	11	8	6	149 962	2 644	43
Sudan	2 311	1 360	64	35	37	18	14	8	26 533	655	25
ECOWAS	14 500	11 616	48	33	30	19	19	12	179 197	488	33
ECOWAS without Nigeria	6 692	7 352	46	44	53	46	28	22	81 510	461	47

Source: UNCTAD (2017), FDI/TNC database.

This slowdown is reflected in the comparative FDI attraction performance of Nigeria (table 1). In 2017, in absolute terms, the country ranked third in terms of total FDI stock among comparator countries ($97.69 billion), following South Africa ($149.96 billion) and Egypt ($109.66 billion). Within the Economic Community of West African States (ECOWAS), Nigeria has a major share of FDI stock and remains a leader in FDI attraction. Indeed, without its participation, inflows would have dropped from $11.6 billion to $7.4 billion over the period 2013–2017. However, the country's performance in terms of FDI per capita, per $1,000 of GDP and as a percentage of gross fixed capital formation (GFCF) more than halved between 2008–2012 and 2013–2017, bringing it below the ECOWAS average.

The crisis that unfolded triggered emergency policy responses from the Government. An economic recovery growth programme (ERGP) 2017–2020 was formulated, which, among other reforms such as infrastructure and sectoral development, specifically targeted rebuilding investors' confidence. One specific objective was to improve the country's rankings in the World Bank's *Doing Business* (with the goal of achieving the top 100 in the rankings by 2020, up from 169th in 2016). To this end, the Presidential Enabling Business Environment Council (PEBEC) was established. Its secretariat, the Enabling Business Environment Secretariat (EBES), reports directly to the Vice-President's office. Since February 2017, EBES rolled out three 60-day national action plans (NAPs), including concrete reform initiatives.[5] The plans were supported on the legislative side by five executive orders issued in 2017 and 2018. Furthermore, a special facility for accessing foreign currency at market rate was introduced in 2017 for investors and exporters. Renewed efforts were also deployed in the area of investment promotion to put Nigeria on the investors' radar.

These policy initiatives have resulted in Nigeria joining the ranks of the top 10 performers in the World Bank's ease of doing business rankings 2018 for the first time, with the country moving to the 145th position (a jump of 24 ranks).[6] Assisted once more by higher oil prices, the economy has started to show signs of recovery since the second quarter of 2017, an improvement mainly driven by growth in the oil sector (4.29 per cent against 0.47 for non-oil sectors). As discussed in the following sections, however, while the recent investment climate reforms efforts and achievements are impressive, particularly following a decade of regulatory lethargy, they have so far focused on "low-hanging fruit". To significantly improve the business environment, and to foster economic diversification and sustainable development, there is a need for a continued policy drive to address deeper structural issues affecting the investment climate.

3. SUMMARY OF FINDINGS

The FDI and economic diversification strategy proposed in the IPR was meant to encourage the adoption of policies that would induce and support foreign affiliates to focus on higher value added operations as a necessary condition for reaping the potential benefits of FDI in Nigeria. It called for providing competitive support to investors by building a regulatory framework conducive to business and by developing skills, infrastructure and linkages with domestic firms, while progressively exerting competitive pressure on them through consistent and timely opening of the market to internal and external competition. To drive the necessary policy reforms, the IPR strongly emphasized the need to also strengthen the institutional setting for investment policy and FDI promotion.

Since 2009, as mentioned above, Nigeria has had to overcome a series of political, security and economic challenges that has affected its capacity to undertake reforms. As a consequence, the degree of implementation of IPR recommendations remains rather low. Notable exceptions are the recent reforms sponsored by PEBEC (see above), though for many of them, it is too early to assess impact. Another exception is the positive transformation of the National Investment Promotion Commission (NIPC) into a proactive investment promotion agency. The main findings are summarized below and described in more detail in the investment policy review implementation matrix (section 4).

Providing competitive support to investors…

Building a regulatory framework conducive to business. The main regulatory impediments highlighted by the IPR were in areas of taxation, access to land, the labour market and technology transfer agreements.

- Despite the introduction of e-filling and e-payment systems and an increased focus on indirect taxation to widen the tax base (Federal Ministry of Finance, 2017),[7] the tax regime remains complex and difficult to administer. It is characterized by a high corporate income tax (CIT) and a proliferation of incentives.
- Some progress in the surveying and registration of land is noted, but title alienation rights remain subject to the approval of State governors. Encouragingly, in Lagos and Kano, an e-approval was introduced as part of NAPs to reduce red tape.
- The labour legislation, drafted with the cooperation of ILO at the time of the IPR, would have codified fundamental principles and minimum standards of treatment, and provided Nigeria with one of the most balanced labour regimes in Africa. It has not, however, been adopted, and the labour legislation from the 1970s remains in place.

- The regulatory approach to technology transfer regulation, whereby the National Office for Technology and Promotion (NOTAP) screens all transfer-of-technology agreements, was not replaced by a more targeted approach, as called for in the IPR.

Developing infrastructure, skills and linkages. The IPR recommended improving physical infrastructure, notably electricity. It called for rehabilitating the energy network before taking on investment promotion for the sector. It also proposed to address deficiencies in human resources at the managerial as well as technical levels, facilitate the entry and diffusion of foreign skills and foster business linkages between small and large investors by better integrating the export-processing zones (EPZs) with the Nigerian market and adopting a linkages support programme.

- Infrastructure development is one of the pillars of EPRG (2017–2020). The Government allocated 30 per cent of its 2017 budget to improving infrastructure. A power sector recovery programme (PSRP) was also developed, which outlines governance and transparency reforms to achieve EPRG objectives.

- Several initiatives to foster skills development have been adopted in recent years, including programmes aimed at integrating the diaspora to strengthen local skills. In addition, several universities are working towards strengthening capacities to deliver training and applied research. Some of them have also adopted distance-learning programmes. Executive Order 5 of February 2018 mandated the provision of additional funds to improve tertiary education. Besides efforts to streamline visa delivery, no change was recorded in the regime regulating work and residence permits for foreigners.

- No supplier linkages programme is in place, apart from the local vendors programme at NOTAP, which relies mostly on a mandatory local content component. In addition, the number of free economic zones that are operational has increased from 9 to 14, out of a total of 37 licensed zones. Infrastructure, as well as business facilitation deficiencies, continue affecting zones development and success, and no measure to support linkages between the zones and non-zone operators has been adopted.

… while progressively exerting competitive pressure…

In parallel with increasing the competitiveness of the economy by improving the regulatory framework, enhancing infrastructure and strengthening skills, the IPR highlighted the need to exert competitive pressure on foreign affiliates in Nigeria. The idea behind this is to push them to become more efficient and innovative, and therefore contribute more to the country's development.

- **Exerting internal competitive pressure**. A competition law is long overdue, as the level of market concentration is high and acts as a de facto entry barrier for smaller, local or foreign, investors. Nigeria remains one of the few African economies without antitrust legislation. Although the Competition Bill adopted by the Federal Executive Council in 2005 could have been improved (by notably clarifying several of its provisions), the IPR recommended to enact it and address its shortcomings by formulating adequate application guidelines. However, the Bill was rejected by the National Assembly. The Federal Competition and Consumer Protection Bill, comprising provisions in line with the recommendations of the IPR, was passed by the National Assembly in November 2017. However, it is still awaiting presidential assent to become law.

- **Exerting external competitive pressure**. The IPR recommended that Nigeria tap the potential of its regional market and become a base for pan-African sourcing. This could be achieved by playing a more prominent role in moving forward the ECOWAS agenda and accelerating integration in the region. It also recommended the establishment of an international trade commission to design a consistent and well-timed process to open up markets to trade. The process, incremental in nature, suggested taking into account the cost and productivity improvements achieved through better infrastructure and regulation. Although Nigeria started applying the ECOWAS Common External Tariff (CET) in early 2015, the level of implementation remains unclear, and an import adjustment tax (IAT) is still being applied. In addition, the country continues to ban the import of several products, and access to foreign currency is forbidden for 41 categories of imports. Nigeria has not signed the European Partnership Agreement (EPA) with the European Union, nor has it signed the African Continental Free Trade Area Agreement (ACFTA). An international trade commission was not established, but a Nigerian office for trade negotiations was established in 2017 as an interministerial agency of the Government with the mandate to "align domestic trade policy priorities to changing global reality".

… and strengthening FDI-related institutions to drive the policy reforms

The IPR identified shortcomings associated with the institutional framework responsible for issues related to investment, including promotion. Among these were problems of funding, weak managerial capacity, lack of coordination mechanisms, as well as unclear division of labour between institutions dealing with investment, in particular FDI. It recommended establishing a small policy team with responsibility for investment policy advocacy, which would oversee key investment-related institutions, and report to a dedicated ministry of investment or directly to the Vice-President. It also recommended that NIPC be strengthened and that a coordinated federal–State investment promotion relationship be established.

- **Coordinating investment-related agencies and driving reforms**. The need for high-level coordination of investment policy and promotion is still acute. Rather than establishing a dedicated entity at the highest level of Government with overseeing and coordination functions, an investment promotion department was established within the Ministry of Trade, which became the Federal Ministry of Industry, Trade and Investment (FMITI). The mandate of the department is nearly identical to that of NIPC, thus creating additional confusion and increasing the need for coordination. In practice, the overlap and lack of coordination between the different investment-related institutions remain, and no clear direction regarding the investment policy has been adopted yet.

- **Strengthening NIPC**. The IPR recommended confining the regulatory role of IPA to the registration for information purposes of investors, while expanding its promotional function to engage in proactive targeting, image building and aftercare, including managing a new supplier linkages programme. The registration of investments above ₦10 million with NIPC has become automatic, thus losing its screening nature. However, NIPC still retains a regulatory role in the administration of the Pioneer Industry Incentive Scheme, which is also a source of funding. As regards promotional functions, a new management has started a transformation of the agency. An investment promotion strategy aligned with EGRP is being formulated, which includes country, sector and company-specific targets. Investment profiles are being designed for a number of opportunities, which will form the basis of proactive investor-targeting campaigns. The agency has also started an aftercare programme, and the establishment of a linkages programme is being discussed with the support of the United Nations Industrial Development Organization (UNIDO). Challenges remain, including the need to build staff capacities to undertake the new functions and secure adequate funding.

- **Establishing coordinated federal–State investment-promotion relationships**. Although not formalized through structured agreements, NIPC has recently made efforts to establish channels of communication with the States' IPAs and to support their investment promotion efforts with a view to enhancing their quality and consistency. The absence of a shared investor tracking system remains an issue, but NIPC has launched information-sharing initiatives through the use of shared email groups, newsletters and social media. It has also engaged with State-level stakeholders to contribute to their investment promotion work by presenting the NIPC strategy to them, sharing its calendar of scheduled promotional events so as to find synergies, as well as sensitizing State governors on investment promotion. NIPC intends to provide State-level agencies with investment promotion tools, including the template it uses to profile investment opportunities. Finally, it started supporting State-level agencies by providing them with standards certification on investment information, property (mapping of land available for investment) and marketing.

4. INVESTMENT POLICY REVIEW IMPLEMENTATION MATRIX

What	Why	How	Status	Findings
1. Improving FDI-specific regulatory framework	In 1995, Nigeria adopted an open framework for FDI with the NIPC Act. However, the Act did not include any explicit provision guaranteeing non-discrimination. In addition, investments with foreign participation were not screened except for those exceeding an investment threshold of ₦10 million (about $80,000), and registration with the NIPC was mandatory to benefit from the treatment and protection provisions of the Act. These comprise unconditional transferability of funds, guarantees against expropriation and access to dispute settlement mechanisms. OSIC, established in 2006, required support and mentoring to fulfil its mandate, and the establishment of an electronic window was recommended to extend its territorial outreach. Finally, out of 22 bilateral investment treaties (BITs) signed by Nigeria, only 4 had entered into force.	– Introduce a national treatment provision in the NIPC Act – Extend the treatment and protection guarantees of the NIPC Act to all investors – Extend registration to all foreign investments but for statistical purposes only – Negotiate protocols of cooperation between OSIC and participating agencies[8] – Integrate an electronic OSIC – Introduce an investor tracking system	◔	The NIPC Act has not been amended. It does not include an explicit provision on national treatment of foreign investors and retains the same mandatory registration requirements. However, registration is now a formality and only serves information purposes. In the medium to long term, the procedure should be further simplified. OSIC now comprises 27 agencies.[9] Their modalities of cooperation remain unclear, as protocols of agreement and cooperation are still awaiting signature.[10] OSIC still faces many challenges, including insufficient political support, and financial and human resources. In addition, OSIC does not currently provide e-government services. Discussions are, however, ongoing between NIPC and the UNCTAD Business Facilitation Programme to implement the eRegulations and eRegistrations programmes and convert OSIC into a virtual one-stop shop. No investor tracking mechanism was introduced but the recommendation remains relevant for NIPC to follow up on project announcements, increase its data-collection capacity and improve its aftercare services. 15 BITs are in force, and 14 are pending ratification.[11] NIPC has started an assessment of its international investment agreements, with UNCTAD assistance.

● = implemented; ◑ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
2. Enhancing the general regulatory framework	An open, transparent and predictable investment climate is essential to attract investment. Nigeria had only recently started reforms to improve its general regulatory framework, and challenges remained in several areas of its business environment. **Taxation:** A high total corporate income tax (CIT) accompanied by numerous incentives unnecessarily complicated the administration of taxes. In parallel, the attractiveness of incentives was limited by restrictions on the utilization of capital allowances and loss-carry forward. Additionally, a second-tier minimum excess tax existed, though it was not applied in practice. Finally, VAT was partly designed as a sales tax rather than a real tax on value addition.	**Overhaul the tax regime:** – Lower CIT for non-extractive businesses – Rationalize incentives schemes (see below) – Eliminate caps on utilization of capital allowances – Extend the four-year limit for carrying forward losses – Abolish the excess profit tax – Clarify and align tax treatment of services payments to non-residents with standard practice – Restructure the VAT system in line with standard practice	○	Although a national tax policy aligned with the IPR recommendations was prepared in 2009 and adopted in 2012, only minimal changes have been made to the direct taxation regime. – The CIT rate remains unchanged (30 per cent, plus an education tax of 2 per cent of assessable profit). – The deduction of capital allowances is still capped at 66 per cent of annual assessable profits, except in agrobusiness and manufacturing. – Losses can only be carried forward for four years, except in agriculture, or if the capital allowance was not utilized. – The excess profit tax was maintained, though it is not applied in the practice. – Withholding taxes of 5 and 10 per cent respectively apply to technical and management services' fees to residents and non-residents. The VAT Act was amended in 2007. Although the system is still not fully in line with standard practice,[12] non-oil exports are now zero rated.[13] This allows settling output VAT against input VAT, except for goods and services which are exempt under the Act.

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
2. Enhancing the general regulatory framework	**Labour regime and entry of foreigners:** The labour regime of Nigeria was founded on antiquated legislation adopted in the 1970s. The mechanism for the entry of foreign workers into Nigeria was discretionary, unpredictable and open to rent-seeking. The process for entry of business visitors and service providers was also overly complicated and required revision.	**Simplify the incentives regime and compliance monitoring:** – Rationalize incentives and remove the Pioneer Industry Incentive Scheme – Remove the $500,000 minimum investment threshold to operate in EPZs – Expand the double taxation treaties (DTTs) network with key investment partners, including with other ECOWAS members	○	The Pioneer Industry Incentive Scheme was suspended in 2014 to undertake a comprehensive review with the intent to reform it (OECD, 2015). However, the scheme was resumed in August 2017, and 27 industries were added to the eligibility list. The list, now comprising 98 industries, is supposed to be reviewed biennially.[14] The minimum threshold of $500,000 investment for a company to operate in an EPZ still applies.[15] Nigeria currently has 14 DTTs in force but none was concluded with the ECOWAS region.[15] A new tax policy was adopted in February 2017, which calls for a reduction in the number of taxes, avoidance of multiple taxation and for incentives to be properly monitored and periodically evaluated. It has not yet, however, translated into practice.
		Modernize and clarify the labour regime: – Adopt and implement the new labour regime developed jointly with ILO – Clarify the rules on redundancy compensation by drafting a regulation for the new labour law	○	The new labour regime developed jointly with ILO at the time of the IPR, and including the Labour Standards Bill, Collective Labour Relations Bill, Labour Institutions Bill, and Occupational Safety and Health Bill, was not adopted.[16] The revision and reintroduction of these bills is being considered, and a stakeholders' meeting was scheduled for April 2018. The amendments considered were not disclosed. No regulations were passed to clarify the redundancy compensation provisions.

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
2. Enhancing the general regulatory framework		**Simplify entry of foreigners:** – Remove the “immigration responsibility” requirement for business visas – Introduce a fast-track business visa for applications supported by NIPC – As a first phase, adopt an automatic expatriate quota (EQ) scheme[17] – As a second phase, introduce an open list of skills shortages reviewed annually[18]	◔	The immigration responsibility, which required companies in Nigeria to accept responsibility for accommodation, feeding, transportation and repatriation on behalf of the investor seeking a business visa, now applies only to residency applicants. Executive Order 1 (2017) also introduced a 48-hour limit for consulates to issue or reject tourist and business visas. A new visa on arrival can be obtained electronically via a dedicated email address, although issues with the implementation of the new regime have been reported. The Immigration Act of 2015 also introduced an investment visa, to grant permanent residence upon a minimum investment threshold.[19] However, the Immigration Regulations of 2017 did not define the threshold, and the scheme does not appear operational. The mechanism for entry of foreign workers is still routed through the grant of business permits and expatriate quota.[20] In the absence of a scarce skills list approach, EQ is evaluated case by case by the Ministry of Interior on the basis of criteria listed on the website, but which remain unclear as to their appreciation. In practice, the EQ regime remains rigid, and a private sector interviewee reported that it takes 3 to 6 months to obtain a permit.[21] Finally, in line with IPR recommendations, Executive Order 5 (2018) mandates the Ministry of Interior to consider the manpower database of the various Government agencies to determine the availability of local skills, link EQ to training and create a special immigration classification to encourage foreign expatriates, with a transfer-of-knowledge objective. It is unclear how the new regime will be implemented.

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

<table>
<tr><th>What</th><th>Why</th><th>How</th><th>Status</th><th>Findings</th></tr>
<tr><td rowspan="2">2. Enhancing the general regulatory framework</td><td>Land: The legal framework for land acquisition was a key impediment in developing a competitive private sector in Nigeria, as all title transfer procedures, including lease transfer, were subject to the approval of the State governor. In addition, the Act empowered State governors to revoke rights of occupancy for reasons of overriding public interest, but the compensation regime only covered improvements to the land, but not the value of the land itself, thus providing undue incentives for public expropriation. Finally, weaknesses in record-keeping and lack of computerized registries in many States also made identification of land difficult.</td><td>Reform land policy and administration:
– Eliminate the requirement for State governors' approval for transactions related to land occupancy rights[22]
– Introduce adequate compensation for land resumed by public authorities
– Outsource land surveying and administrative support to registries to commercial enterprises</td><td>◔</td><td>An attempt to reform the land regime in line with the IPR recommendations was made under the administration of President Yar'Adua, but it failed. Reforming the Land Use Act of 1978 remains challenging, notably because of its reference in the 1999 Constitution.[23] Consequently, it is still required to obtain approval from the State governor before alienating any occupancy right. The power of consent can, however, be delegated to Commissioners (in Abuja, to the Minister of the Federal Capital Territory). In Lagos and Kano, reforms are ongoing to introduce the Governor's e-signature with a view to reducing the processing time.

No change has been introduced to the compensation mechanism in case of expropriation.

Land surveying is still conducted by the authorities. In practice, this has an impact on the ability of microenterprises and SMEs to access finance, as certificates of occupancies are difficult to obtain a nd, thus, be used as collateral.[24]

Nigeria ranks 179 out of 190 countries in the category of registering property.[25]</td></tr>
<tr><td>Environment: Despite the introduction of a comprehensive environmental management legislation in 1992, enforcement remained weak, and oil spills and gas flaring were significant environmental challenges. The environmental protection agency was underfunded and coordination across the three tiers of government (federal, state and local) was poor, while mandates often overlapped.</td><td>Enhance environmental protection:
– Tighten the environmental regulation and improve its monitoring and enforcement</td><td>◔</td><td>Pursuant to the adoption of a new act in 2007, the National Environmental Standards Regulation Agency (NESREA)[26] was established at the Federal level. However, the 2007 act allows, in line with the 1999 Constitution,[27] State and local governments to set up their own environmental protection agencies, which resulted, as in the time of the IPR, in overlapping of mandate and functions at the different levels of Government. In parallel to the establishment of NESREA, the Ministry of Environment also retained its monitoring and evaluation mandate on environmental impact assessment.</td></tr>
</table>

● = implemented; ◑ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
				While an ad hoc mechanism of cooperation was reportedly found between NESREA and the Ministry, it remains unclear and is not formalized in a protocol of agreement and cooperation.[28] The lack of adequate financial and human resources is still one of the primary causes of ineffective implementation (Mustapha, 2017).
2. Enhancing the general regulatory framework	**Fight against corruption and access to commercial justice:** The perception of corruption in Nigeria blemished its image as an investment destination. Additionally, the country's courts were not specialized and lacked funding and capacity, which added to outdated procedures in affecting investor confidence.	**Fight corruption and improve access to commercial justice:** – Continue efforts to fight corruption and complement them with a communication strategy targeted at international business – Improve access and dispute resolution in the commercial justice system to increase investor confidence	◔	Addressing corruption has featured prominently in recent Government efforts. Measures included the establishment of the Treasury Single Account (TSA) at CBN to consolidate all inflows from all agencies of Government,[29] the opening of a website for whistleblowing[30] and the establishment of a presidential advisory committee against corruption (PACAC), mainly addressing judiciary reform.[31] Despite these efforts, Transparency International still ranked Nigeria 148 out of 180 countries on its 2017 corruption perception index, and companies operating in Nigeria still report that they face a high degree of corruption when interacting with the judiciary, which is understaffed and underfunded.[32] The only specialized courts remain the industrial courts and the level of digitalization is very low. Adding to the backlog, parties are not subject to penalties for frivolous claims. However, alternative dispute resolution (ADR) mechanisms are encouraged. For instance, at the State level, the High Court of Lagos State Civil Procedure Rules adopted in 2012 provide that parties must first explore ADR.[33] The Lagos Multi-Door Courthouse (MDC) addresses mostly commercial dispute settlement and settled 780 cases out of the 1,708 cases that were referred to it over a span of 10 years (OECD, 2015). An MDC is available in Abuja.

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
2. Enhancing the general regulatory framework	**Competition:** A Competition Bill had been drafted and approved by the Federal Executive Council in 2005. Some provisions were unclear, thus creating uncertainties for businesses, but its adoption would have constituted a first step towards the establishment of a competition legal framework in Nigeria.	**Clarify the provisions of the Competition Bill and adopt it:** – Adopt the Competition Bill – Introduce a minimum threshold for mergers' notification – Define the concept of public benefit under which prohibited mergers could be exempted and allow appeal on these decisions – Revise the definition of monopolies to align it in line with standard practice	○	The 2005 Competition Bill was not adopted. In 2016, the new Federal Competition and Consumer Protection Bill was adopted by the National Assembly in November 2017, but it is still awaiting Presidential assent. The Bill retains the establishment of the Commission proposed in the earlier 2005 Bill. The Commission should benefit from independence and extensive functions and powers.[34] The 2016 Bill also differentiates between small and large mergers but their respective thresholds are supposed to be stipulated under the regulations issued by the Commission.[35] The concept of public benefit has also been elaborated under the 2016 bill. Grounds of public interest under which a merger may be justified are listed: (a) effect on a particular industrial sector or region, (b) employment and (c) the ability of national industries to compete in international markets.[36] The definition of monopolies remains unclear in the 2016 bill, as is to be determined by secondary regulations.[37]
3. Developing infrastructure	The deteriorated state of public infrastructure, particularly electricity, constituted a severe obstacle for economic diversification. However, the transformation in the outlook for public expenditures deriving from higher oil prices, the cancellation of external debt and the liberalization of regulated backbone services provided new opportunities for private participation in infrastructure development, both in investment and in management.	– Consider introducing a system of regional vertically integrated electricity production and distribution entities, served by a common grid[38] – Develop reverse build-operate-transfer schemes led by public expenditure at the initial construction phase, while including private investment in management and operations for commercial discipline	◔	Self-generation through diesel-powered generators still accounts for a significant portion of recurrent expenditure for businesses (Latham and Watkins Africa Practice, 2016), and Nigeria ranks 171 out of 190 countries in the World Bank Doing Business 2019 as regards the indicator on getting electricity. On 1 November 2013, 5 generation and 10 distribution companies (out of 17 entities in total) were transferred by the Government to private operators.[39] A series of obstacles, notably related to tariffs, resulted in continuing low access to grid electricity (USDOS, 2017).[40]

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
3. Developing infrastructure	Given the scale of the infrastructure rehabilitation and capital commitments required, the IPR recommended that the Government should not wait for private investment to take the lead, but to adequately blend public and private investment.			ERGP (2017–2020) now targets overcoming challenges related to governance, funding and pricing across generation, transmission and distribution, achieving 10 GW of operational capacity by 2020 and improving the energy mix, including through renewable energy. However, ERGP also recognizes the need for enhanced public spending on infrastructure and envisages several financing mechanisms for infrastructure projects, including government borrowing to participate in project funding. In electricity, transmission is being maintained under government ownership and management, and increased public investment is planned. In transport, the focus is on removing structural bottlenecks preventing private investment, notably by de-risking projects. The World Bank Power Sector Recovery Programme (PSRP), developed on the basis of ERGP, aims to improve investment management and contingent liabilities, and to strengthen governance and transparency, reaching financial sustainability in the sector (World Bank, 2017).
4. Upgrading skills development	Though equipped with an abundant supply of labour, Nigeria still needed to overcome education challenges to match the local skills with the ones required to reach the diversification objective. Deficiencies in human resources capabilities and lack of capacity at the managerial level, in particular, represented significant barriers to economic development.	– Establish joint-ventures with renowned international business schools to improve executive education – Support measures to attract skills from the diaspora (e.g. tax support, pre-departure orientation programme)	◐	No joint-venture with renowned international business schools could be identified. However, 10 Nigerian universities[41] joined the World Bank's Africa Higher Education Centres of Excellence Project (2014–2019). The project is aimed at strengthening the capacities of these universities to deliver quality training and applied research. In addition, open and distance learning (ODL) is also in place in 9 universities.[42]

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
4. Upgrading skills development				Finally, the Linkages with Experts and Academics in the Diaspora Scheme (LEADS) was started in 2007 by the National Universities Commission (NUC) to encourage academia from the diaspora to teach in the country's universities in a limited number of fields.[43] In early 2018, Executive Order 5 mandated the provision of intervention funds to improve existing training programmes in tertiary education and establish new programmes to cope with the demands of emerging technology. In November 2016, the Government prepared a draft national policy on diaspora issues to better utilize the opportunities opened by the large Nigerian diaspora (e.g. infrastructure, remittances investment facilitation, including diaspora bonds, transfer of skills and technology, integration framework for returning diaspora). The Nigerians in Diaspora Commission Bill was signed in July 2017. The Commission will serve as a one-stop shop for diaspora matters and will help set up a diaspora database.[44] Nigeria launched its first diaspora bond in June 2017,[45] and Executive Order 5 provides government agencies to take steps to encourage the diaspora to return to the country.

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
	To fully tap the potential of its regional market, the IPR encouraged Nigeria to aim at becoming a base for pan-African sourcing and focus, as a first step towards the global market, on export opportunities within ECOWAS.	– Set priorities and timescales for the achieving the ECOWAS free trade area, the customs union and the common market – Establish an international trade commission (ITC) to advise the Government on:	○	The ECOWAS CET, adopted in 2015, has yet to be fully implemented.[47] In November 2017, customs reported that Nigeria had bound all its tariff lines to CET and had implemented 60 to 70 per cent of the requirements. However, the country still applies an import adjustment tax (IAT) ranging from 5 to 60 per cent and a 0.5 per cent community fee.
5. Improving access to markets	Although the country adopted the ECOWAS tariff regime[46] in 2005, the effect was counterbalanced by bans imposed on the importation of over 200 products. In addition, as of 2009, Nigeria had not adopted the common external tariff (CET), and non-tariff barriers remained major obstacles to regional integration.	a) A long-term path of tariff reduction, consistent with improvements in infrastructure and the investment climate b) Individual industry needs for temporary departure from the general tariff regime c) Application of safeguards, anti-dumping and countervailing measures		While Nigeria has the biggest number of approved enterprises and products, with 525 companies and over 1,000 products registered under the scheme (WTO, 2017), it has been reported that the Senate resolved to reconsider the participation of Nigeria in the ECOWAS Trade Liberalization Scheme (ETLS) and CET, due to several loopholes and the conviction that the trade instruments were not benefitting the country (Otuchikere, 2017). Nigeria also maintains several imports prohibitions and restrictions,[48] and access to foreign exchange from CBN is banned for 41 categories of imports. The country's tariff bindings remain low (covering only 19.2 per cent of all tariff lines); the average bound tariff was 117.3 per cent in 2017. ITC was not established. However, the Nigerian Office for Trade Negotiations was established in 2017 as an interministerial agency of the Government with the mandate to align domestic trade policy priorities to changing global reality. It was not possible for UNCTAD to meet with the representatives of the Office during the fact-finding mission.

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
6. Fostering linkages and local industrial capacity	Foreign affiliates outside the oil sector had played a dismal role in Nigeria's economy, as their operations had had little interaction with local enterprises. Although initiatives had been taken in the past to stimulate local sourcing, they were largely based on compulsory local content programmes and not part of a strategy to enhance local competitiveness. As a result, they were met with the suppliers' inability to meet demands. Twenty-two free zones had been established, nine of which were operational in 2009. Several measures were required to convert them to MFZs, and enhance their effectiveness and potential developmental impact. Finally, the approach to innovation development was largely focused on a regulatory approach prioritizing the screening of technology transfer agreements, rather than the promotion of interactions between business and research institution, or support to SMEs in patent application or contract negotiation.	– Design a supplier linkages programme to promote local sourcing and the local supply base – Convert export-oriented facilities into multiple-facility zones to broaden their integration into the economy by: • Granting then unlimited access to the domestic market • Integrating private developers in infrastructure upgrade, business permitting and facilitation services • Granting zone suppliers the same incentives as zone manufacturers – Promote interaction between business and research institutions – Complete the transition of NOTAP from a regulatory to a monitoring and promotion agency[49] – Switch NOTAP's focus to provide training to Nigerian SMEs on licence agreements negotiation	○	No supplier linkages programme has been established yet, but NIPC has requested UNIDO to assist in this area. The NEPZA Act of 1992 was not amended, and no conversion of free zones into multiple-facility zones was observed. As of March 2018, NEPZA had licensed 37 free zones, 14 of which were operational, as well as more than 400 domestic and foreign free-zone enterprises.[50] Arrangements regarding development and management vary, depending on their status.[51] In terms of business facilitation, NEPZA would like to establish a one-stop shop to grant licenses and permits and conduct import/export procedures for the zones, but this is made difficult by coordination issues with other government agencies. In 2014, the five-year Nigeria Industrial Revolution Plan (NIRP) gave NEPZA the mandate to develop industrial clusters and parks, but these are currently being developed by the private sector and other government agencies;[52] coordination among the different initiatives is an issue. NOTAP still registers all transfer of technology agreements after an evaluation focusing on promoting local content. Following ERGP, the registration form was reportedly simplified and NOTAP will, as of end 2018, transfer all its procedures online. The agency has increased its SME support programmes and has created the NOTAP-industry technology transfer fellowships (NITTF), linking PhD students with industries voluntarily sponsoring their research and development (R&D).

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
7. Strengthening the institutional framework for FDI	The IPR identified several shortcomings in the institutional framework in charge of issues related to investment, including promotion. Among those were problems of weak managerial capacity, lack of coordination mechanisms, as well as unclear division of labour between institutions dealing with investment, in particular FDI. NIPC, the investment promotion agency of Nigeria, had already undergone a series of internal reforms, but it retained a regulatory role in the registration of foreign investors, approval of pioneer industry incentives status and expatriate quota, at the expense of its promotional functions, which were limited to generalized investment promotion and facilitation. In addition, several other institutions intervened in investment promotion at different levels of government, and their mandate often overlapped, while coordination was poor.	**Streamlining the NIPC's mandate:** – Remove regulatory functions and change the name to Nigeria Investment Promotion Agency – Extend investment promotion functions to image building and investor targeting – Establish a special unit to promote linkages between foreign affiliates and local companies, as well as with research institutions	◐	As mentioned, NIPC has made the mandatory registration of foreign investments a formality, though it retains the administration of incentives under the Pioneer Industry Incentive Scheme, which is an important source of financing for the agency. Further to a change in its management, NIPC has taken a new direction in terms of investment promotion, now focusing on sector-focused and country-targeted activities, notably determined by ERGP priority sectors, in line with the IPR recommendations. It has, for instance, made efforts to identify agricultural subsectors with potential (focusing initially on cattle and cassava) and to establish e-templates for profiling investment opportunities, including the expected economic impact of each opportunity. In terms of policy advocacy, NIPC has advocated the introduction of special investor and exporter facilities for access to foreign currency and prevented the closure of important Nigerian investment promotion outposts abroad. In aftercare, the IPA has started visiting the top 100 companies in Nigeria. NIPC has not yet established a special unit for business linkages, but it has started discussions to launch such a programme with the UNIDO Investment and Technology Promotion Office (ITPO) in Nigeria, established in 2015. Despite these efforts, the NIPC recognizes that its work often remains reactive, notably as a consequence of the need for capacity-building for the agency's staff.

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

What	Why	How	Status	Findings
7. Strengthening the institutional framework for FDI		**Ensure investment policy coordination at all levels:** – Establish a dedicated investment policy advocacy and coordination unit[53] – Adopt a coordination model for federal-State investment promotion[54]	○	NIPC is also promoting enhanced coordination with the States, by sharing with them its investment promotion strategy, assisting them in producing promotional one-pagers and establishing informal channels of communication. Support to State-level agencies also includes standards certification on investment information, property (mapping of land available for investment) and marketing. At the central government level, however, cooperation remains scattered, and has not been institutionalized. NIPC is successfully working with the Infrastructure Concession Regulatory Commission to develop a PPP project pipeline. However, several agencies with an overlapping investment promotion mandate remain, and the NIPC is not always recognized as the lead agency. The Federal Ministry of Commerce and Industry was restructured in 2011 to become the Federal Ministry of Industry, Trade and Investment (FMITI). A clarification in the division of responsibilities between NIPC and FMITI remains necessary (WTO, 2017). Indeed, the investment mandate of the Investment Promotion Department at FMITI duplicates that of NIPC, thus leading to an overlap in functions.

● = implemented; ◐ = substantially implemented; ◔ = partially implemented; ○ = not implemented.

5. CONCLUSION AND THE WAY FORWARD

Nigeria has reacted to the recent economic recession by setting in motion a number of reforms and initiatives to enhance its development prospects. The adoption of EGRP, PEBEC and the resulting initiatives have galvanized stakeholders in the public and private sectors and demonstrated that Nigeria can reform its investment climate rapidly and efficiently when there is policy drive and coordination. While over the past two years emergency plans and recovery actions have served to initiate short- and medium-term reforms with immediate results, it is now time for the country to address long-standing structural impediments to growth and economic diversification. In this regard, many of the challenges highlighted in the IPR back in 2008 have not been addressed, and the recommendations proposed at that time remain valid in several areas. These include the following:

- Streamlining access to secure land title and promoting a functioning land market, including through more agile title alienation processes and better use of electronic registration platforms.

- Reforming the tax regime to increase compliance and reduce complexity, administration costs and reliance on incentives, while enhancing overall competitiveness and combating tax avoidance.

- Modernizing the labour regime, adopting proactive skills attraction and diffusion policies based on a scarce skills list approach.

- Investing further in infrastructure development and modernization, while promoting the conversion of free zones into multiple-facility zones integrated with the local economy and based on the efficiency of infrastructure and business facilitation services.

- Exerting competitive pressure on investors by promoting competition in the internal market and adopting a long-term strategy of progressive reduction in import protection.

Tackling those issues will require long-term commitment and policy coordination, which go beyond any individual administration or political party. In this regard, while the PEBEC was envisaged as a temporary coordination entity to lead the Doing Business-related reforms, a more permanent solution should be envisaged to drive the structural reforms required to improve the investment climate and coordinate investment promotion. Deriving from the recommendation of the original IPR to establish a high-level investment policy unit, this new entity would perform two functions to: 1) drive long-term investment climate reforms and investment policy advocacy; and 2) oversee investment promotion institutions, including NIPC, the Bureau of Public Enterprises, NEPZA and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN). Initially deployed to comprise the federal Ministries, Departments and Agencies, it would in a second stage involve pilot States and in a third phase, all States.

This report has also highlighted the progress achieved by the NIPC in moving towards a fully-fledged investment promotion agency, but also the need to accompany the transition with capacity building for the staff of the agency. UNCTAD stands ready to provide further assistance for the implementation of the recommendations of the IPR.

ENDNOTES

1. This report was prepared by Maha El Masri, Kritika Khanijo and Massimo Meloni under the direction of Chantal Dupasquier, Chief of the Investment Policy Review Section, Division on Investment and Enterprise (DIAE). Overall guidance was provided by Joerg Weber, Head of the Investment Policies Branch, and James Zhan, Director, DIAE. Comments were received from Hamed El Kady, Joachim Karl and Elisabeth Tuerk. The data were made available by the Trends and Data Section, DIAE, and research support was provided by Jovan Licina and Irina Stanyukova.
2. Discussed starting in 2009, published in April 2012.
3. In November 2014, the naira fell to ₦173.95 against the dollar, down nearly 9 per cent since January of that year. See ft.com/content/4f9474fa-6b24-11e4-be68-00144feabdc0 (accessed 17 April 2018).
4. According to WTO, the measures taken to contain the crisis led to a decrease of Nigerian exports, with a trade-(in goods and services) to-GDP ratio of 21.1 per cent in 2015, down from 52.8 per cent in 2011 (WTO, 2017).
5. The third NAP is scheduled for completion by 30 April 2018. At the time of the UNCTAD fact-finding mission, the first NAP had recorded an 82 per cent completion rate and the second, a 52 per cent completion rate.
6. In the World Bank's 2019 ease of doing business ranking, Nigeria is 146th.
7. Also, Executive Order 4 on the Voluntary Assets and Income Declaration Scheme (VADS) (2017) introduced an amnesty for all taxpayers declaring their assets and income within and outside Nigeria for the period 2011–2016 and regularizing their status. In October 2016, FIRS had launched a similar, through less extensive, scheme.
8. These should specify the extent of empowerment of the officers located in the OSIC desks, NIPC oversight arrangements, quality and number of staff assigned and service delivery expectations.
9. From 16 at the time of the IPR in 2009. Available at invest-nigeria.com/ (accessed 09 June 2018).
10. Signed and transmitted by NIPC to the other MDAs; they were not returned.
11. BITs in force were concluded with the following economies: China, Finland, France, Germany, Italy, Netherlands, Republic of Korea, Romania, Serbia, South Africa, Spain, Sweden, Switzerland, Taiwan (Province of China) and the United Kingdom.
12. Many capital purchases, indirect costs and oil exports are still exempted, hence attracting input VAT which cannot be credited against output VAT but are rather credited in the capital allowance.
13. Amendment to Section 4 of the VAT Act of 1993.
14. Available at ey.com/gl/en/services/tax/international-tax/alert--nigeria-publishes-list-of-27-new-industries-eligible-for-pioneer-status-incentive (accessed 14 January 2019). A committee was established by the Federal Ministry of Finance in 2016 to review incentives

in order to streamline them to few sectors and institute a monitoring system, including on testing performance against utilization (cost–benefit analyses). According to the Ministry, the work of the committee has been completed and is awaiting multi-stakeholder consultations.

15. DTTs in force were concluded with Belgium, Canada, China, Czechia, France, Italy, the Netherlands, Pakistan, the Philippines, Romania, Slovakia, South Africa, Spain, Sweden and the United Kingdom of Great Britain and Northern Ireland. DTTs were signed with Kenya, Kuwait, Mauritius, Poland, the Republic of Korea, Singapore and the United Arab Emirates. A DTT with Qatar has been ratified but is not in force. Negotiations are ongoing with Bangladesh, China, Cyprus, Denmark, Germany, India, Jamaica, Jersey, Morocco, the Sudan, Turkey and Hong Kong (China).

16. Available at ilo.org/dyn/natlex/(accessed 17 June 2018). Several other acts have also been adopted, but are not related to the recommendations (i.e. Employees Compensation (in case of occupational diseases or work-related injuries), Pension Reform, Minimum Wage, respectively in 2010, 2014 and 2011). In addition, a tripartite national minimum wage committee was convened in November 2017. As of March 2018, it had not announced the amount of the new minimum wage.

17. This scheme would be determined against a threshold for key personnel, while maintaining the existing BP/EQ scheme for additional foreign employment. Its scope would be expanded to all investments (including domestic), and the threshold lowered to $50,000 (instead of $80,000).

18. Investors would be allowed to recruit foreign employees with the required competencies subject to the following conditions: their credentials are verified by the immigration authorities and the company commits to a training programme for the advancement of local staff.

19. Section 37 (13) of the 2015 Immigration Act and to Regulation 5(7) of the 2017 Immigration Regulations.

20. Regulation 12(1) of the 2017 Immigration Regulations. Section 37 (8) of the 2015 Immigration Act and Regulation 8 of the 2017 Immigration Regulations.

21. ECOWAS citizens are exempted from entry visas and can reside, work and undertake commercial and industrial activities in Nigeria. Section 37 (13) of the 2015 Immigration Act.

22. Understood as transfer, sublease, mortgage of the land; these transactions should only be registered by the deeds registry.

23. Section 315 (5) (d) of the 1999 Constitution: “Nothing in this Constitution shall invalidate the following enactments, that is to say (…) the Land Use Act”.

24. A law on the use of movable assets as collateral was adopted, but its implementation is difficult in practice.

25. Doing Business 2019 reports that registering property in Lagos requires 12 procedures, 105 days at a cost of 11.1 per cent of the property value.

26. Available at nesrea.gov.ng/ (accessed 16 June 2018).

27. The 1999 Constitution places environmental issues under the exclusive, concurrent and residual list which implies that all three tiers of government: Federal, State and Local can legislate on pollution in their domain.

28. The Ministry of Environment is responsible for the five-year validity of the environmental permits for the monitoring and evaluation, while the NESREA is in charge of the environmental auditing, which must be conducted regularly (every three years) after the start of operations.

29. TSAs are designated accounts at CBN for all revenues due to the federal government. Circulars HCSF/428/S.1/120 of 7 August 2015 and HCSF/428/S.1/125 of 4 September 2015.

30. See whistle.finance.gov.ng/Pages/default.aspx.

31. See pacac.gov.ng/#home and premiumtimesng.com/news/top-news/188136-sagay-heads-advisory-committee-on-war-against-corruption.html (accessed on 16 June 2018)

32. Nigeria Corruption Report, available at www.business-anti-corruption.com/country-profiles/nigeria.

33. Section 2 (1) (a) of the 2012 Rules.

34. Sections 17 and 18 of the 2016 bill.

35. Section 94 (1) and (2) of the 2016 bill.

36. Section 95 (4) of the 2016 bill.

37. Section 78 of the 2016 bill.

38. This, in the context of the liberalization of the regulated backbone services, would have replaced the separation proposed between production and distribution, and allow direct access of power producers to customers, hence increasing the potential for private investment attraction.

39. See reuters.com/article/nigeria-power-privatisation-idUSL6N0HQ2AF20130930 (accessed on 25 April 2018).

40. It is reported that the privatization of distribution and generation companies in 2013 was based on projected levels of transmission and progress towards a fully cost reflective tariff to sustain operations and investment. However, tariff increases were reversed in 2015, and revenues were severely affected due to decreased transmission levels, resulting in an acute liquidity crisis throughout the power sector value chain.

41. Available at worldbank.org/en/news/press-release/2014/04/15/world-bank-centers-excellence-science-technology-education-africa (accessed on 25 April 2018).

42. Available at nuc.edu.ng/nuc-partners-university-of-london-on-odl/(accessed on 2 June 2018).

43. Namely information and communications technology, management science and business administration, mathematics, medicine and dentistry, mining engineering, natural sciences and oil and gas engineering. See nuc.edu.ng/project/leads/ (accessed on 2 June 2018).

44. Available at diaspora.gov.ng/overview-2/ (accessed on 17 June 2018).

45. Issued at 5.625 per cent, the five-year bond raised $300 million.

46. This led to a reduction of tariffs and a compression of tariff escalation.

47. Available at export.gov/article?id=Nigeria-Import-Tariffs (accessed on 18 April 2018).

48. Available at customs.gov.ng/ProhibitionList/import.php (accessed on 18 April 2018).

49. This requires removing the registration and screening functions of NOTAP and transferring the relevant provisions (notably tax avoidance and anti-competitive behaviour) to the relevant tax and competition regimes.

50. Available at nepza.gov.ng/freezones.asp (accessed on 18 April 2018).

51. Among the 37 licensed EPZs, 3 are to be developed by the federal government, 11 by state governments, 12 in joint-venture with the Federal or State Government and 11 by the private sector. According to the NEPZA, land is provided by the public sector, as well as support in building the enabling environment and providing access to roads, while the rest of the development and management is conducted by the private sector.

52. The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)'s website indicates that part of the agency's mandate is "Promoting and providing access to industrial infrastructures such as layouts, incubators, industrial parks". See smedan.gov.ng/index.php/who-we-are/smedan-mandate.html (accessed on 24 April 2018).

53. The IPR called for this entity to report to a member of cabinet or the economic reform team. Alternative options proposed in the report were to establish a dedicated ministry of investment, empower the Vice-President as the main investment policy advocate or extend the mandate of the Chief Economic Adviser to the President to include this function or appoint a senior adviser to the President with responsibilities for investment.

54. Two options were available for this model, decentralized where the States take the lead, or collaborative, in which both levels work to define roles.

REFERENCES

CBN (2012). Survey of foreign assets and liabilities in Nigeria 2011 report. *CBN Journal of Applied Statistics*. Vol. 3. No. 2.

CBN (2014). Destination sectors and originating economies of Nigeria's private foreign assets and liabilities in 2012. *CBN Journal of Applied Statistics*. Vol. 5. No.1. June.

CBN (2015). Destination sectors and originating economies of Nigeria's private foreign assets and liabilities in 2013. *CBN Journal of Applied Statistics*. Vol. 6. No. 1(b). June.

CBN (2016). Nigeria's private foreign assets and liabilities, 2014. CBN Journal of Applied Statistics. Vol. 7. No. 1 (b). June.

EIU (2011). Country Reports: Nigeria. The information was collected from the various reports of that year.

EIU (2012a). Country Report: Nigeria. February.

EIU (2012b). Country Report: Nigeria. August.

Federal Ministry of Finance (2017). National Tax Policy. February. Abuja.

Federal Ministry of Justice (2017). National Anti-corruption Strategy (2017–2020). Abuja.

IBFD (2017). Nigeria: Key features. 7 February.

IMF (2012). 2011 Article IV Consultation. Nigeria. Country Report No. 12/194. July. Washington, D.C.

IMF (2017). IMF staff completes 2018 article IV mission to Nigeria. Press release No. 17/521. 22. December.

IMF (2018). 2018 Article IV Consultation. Nigeria. Country Report No. 18/63. March. Washington, D.C.

Latham and Watkins Africa Practice (2016). *Nigerian Power Sector: Opportunities and Challenges for Investment in 2016*. 23 February.

Ministry of Budget and National Planning (2017). *Economic Recovery and Growth Plan (2017–2020)*. February. Abuja.

Mustapha, AB et al. (2017). Environmental regulations in Nigeria: A mini review. *International Journal of Environmental Sciences and Natural Resources*. Vol. 1 (5).

NBS (2018). Nigerian Gross Domestic Product Report (Q4 & Full Year 2017). February. Abuja.

NEPZA (2015). Annual Report.

OECD (2015). OECD *Investment Policy Reviews: Nigeria*. OECD Publishing. Paris.

Otuchikere C (2017). *Senate seeks better deal for Nigeria in ETLS*. 25 February. Available at: authorityngr.com/2017/02/Senate-seeks-better-deal-for-Nigeria-in-ETLS-CET-Implementation/ (accessed 20 April 2018).

Presidency of the Federal Republic of Nigeria (2010). *Roadmap for Power Sector Reform*. Abuja.

UNCTAD (2012). *World Investment Report 2012: Towards a New Generation of Investment Policies* (United Nations publication. Sales No. E.12.II.D.3. New York and Geneva).

UNCTAD (2018). Available at unctadstat.unctad.org/EN/.

United States Department of State (2017). Investment Climate Statement. Nigeria.

World Bank (2017). Power Sector Recovery Programme. Nigeria. Available at: documents.worldbank.org/curated/en/115731517496257028/Nigeria-Power-Sector-Recovery-Programme (accessed 24 April 2018).

World Bank (2018). Data. Available at data.worldbank.org/.

WTO (2017). Trade policy review. Nigeria. WT/TPR/S/356. Geneva.

REPORT ON THE **IMPLEMENTATION**
OF THE INVESTMENT **POLICY** REVIEW:
NIGERIA

IPR
INVESTMENT POLICY REVIEW

Visit the website on IPRs
http://unctad.org/ipr

Layout and Printing at United Nations, Geneva - 1822156 **(E)** – January 2019 – 435 – UNCTAD/DIAE/PCB/2018/6