# 5TH EU-NIGERIA BUSINESS FORUM

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# POST CONFERENCE REPORT

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# Executive Summary

The 5th EU-Nigeria Business Forum ("Harnessing Nigeria's Potential for Economic Growth") was part of a comprehensive effort to increase investment opportunities and the exchange of ideas between officials and private sector actors from Nigeria (and West Africa) and their European counterparts. Specifically, this important networking event was designed to enable participants to develop multinational and cross-industry contacts and partnerships, and to improve their knowledge, expertise and abilities with regard to exploring investment opportunities in Nigeria and accessing European markets.

In addition to exploring ways in which EU agencies and organizations could communicate more effectively with their Nigerian counterparts—in order to build partnerships, support development, shape a sustainable future, offer mutual assurances on future joint co-operation, ensure the stability of policy implementation and guarantee the security of investments—the forum focused upon three themes: power, the textile industry, and SMEs.

With regard to Nigeria's power sector, the forum recognized that the unbundling of the country's Power Holding Company in 2013 created one of the most liberal energy markets in Africa. The Nigerian government is keen to broaden participation in the harnessing of untapped capacity for power generation and the diversification of the country's energy mix. The goal in terms of renewable energy is to create greater opportunities for power generation by improving the usage of existing large hydropower plants and by initiating a range of activities to encourage the construction of new infrastructure—"mini" hydro-electric, but also wind and solar power given the country's great potential for both. Specifically, recommendations and objectives in this sector included:

1. Investors and stakeholders need to work together towards identifying the right places in the value chain for investment (power generation, distribution, metering, ancillary services, etc.) in order to maximize the benefits for both themselves and Nigeria.

2. Stakeholders need to "pick the low-hanging fruits" first and focus upon completing projects in the power value chain that are already at an advanced stage (e.g. refurbishing hydropower infrastructure).

3. All stakeholders need to explore the opportunities for more off-grid and alternative energy solutions in the countryside that could later be linked to the national grid.

4. In terms of financing, stakeholders must seek to a) profit from the possibility of access grant funding from the EU's Economic Co-operation and Energy section to complement and leverage private-sector loans from development banks; and b) identify ways in which to take advantage of financing being offered by Nigeria's Sovereign Investment Agency (NSIA), the *Agence française de développement* (AFD) and the International Finance Corporation (IFC) in order to fund critical power infrastructure projects.

Given the decline of Nigeria's cotton, textile and garment (CTG) industries, the forum explored ways in which the country could reinsert itself into the global garment and textile value chains and considered how this could lead to differentiated gains for state-owned enterprises and private companies. Speakers identified ready-made clothing as a significant component in not just the recovery of comatose textile industries and cotton farms, but also as a potential engine of growth for the creation of massive numbers of jobs and as an avenue for boosting exports to places like the EU which would be facilitated by trade agreements such as the Economic Partnership Agreement between the EU and West Africa. Despite shortages of electricity, inconsistent government policy, massive knowledge gaps and smuggling, it was generally agreed that Nigeria's CTG sector still has opportunities to grow and to be included and competitive in the global CTG value chain. Specifically, recommendations and objectives included:

1. A national policy ensuring that all school, military and government uniforms are 'Made in Nigeria', with a planned and phased approach to increasing the industry's capacity and maintaining quality, in order to support the 'ready to wear' industry.

2. The government and other key stakeholders should work to ensure that industrial textile centres are guaranteed a certain number of hours of electricity per day. This may include extending the policy of providing gas at competitive rates to the textile industry.

3. To realize the access to the large EU market that signing the Economic Partnership Agreement will make possible while protecting local industries and taking advantage of development aid e.g. to maintain and improve the skills of Nigerian textile workers.

4. A commitment to effectively tackle the smuggling which undermines local industries.

5. The introduction and promotion of vocational programmes to develop relevant skills among young people (the next generation of workers) in every sector of the country's textile value chain.

The forum also identified additional opportunities for Nigerian SMEs such as Horizon 2020, an EU program with a budget of €77bn to support research & innovation, and the Enterprise Europe Network (EEN), through which SMEs in both Europe and Nigeria can build partnerships and communicate more efficiently. The EEN can help innovative SMEs grow and be more competitive internationally by giving them access to technological innovation and international business advisory services. Specifically, recommendations and objectives to increase the opportunities for Nigerian SMEs to participate to global value chains included:

1. Efforts must be made to improve the substance of bilateral co-operation with various specialized EU agencies.

2. The Nigerian government must accelerate its efforts to remove obstacles to the integration of SMEs, especially in the areas of capacity development and access to business development services, and to create a more enabling business environment.

3. Work must be done to attenuate or remove the bottlenecks which SMEs have encountered when trying to access international grants and loans through Nigerian commercial banks.

4. The availability of business advisory services and the integration of Nigerian SMEs into the vast global business network must be improved.

5. The responsibilities and priorities of civil servants responsible for trade and economic matters within Nigeria’s embassies and high commissions abroad must be redefined. Given their potential importance as part of efforts to attract investment to the country, the main criteria for their selection should be the depth of their technical knowledge and their overall competence rather than their political affiliation.

6. Relevant supervisory units and departments of Nigeria’s Ministry of Industry, Trade and Investment should publish guidelines on intellectual property.

7. Efforts should be made to design a roadmap for the creation of industrial parks and value chains.

# Day One – Thursday, November 10, 2016

The 5th EU-Nigeria Business Forum kicked off its first day without too much protocol. The Master of Ceremony, Dr Mark Abani, who took the podium at 9.00am proceeded to commence the proceedings with some good-natured humour and a brief synopsis of the two-day event before introducing the initial panel that would give goodwill messages. That panel included Ambassador Michel Arrion, Head of EU Delegation to Nigeria and ECOWAS; Chief, Dr (Mrs.) Nike Akande CON, President of the Lagos Chamber of Commerce and Industry (LCCI), Mr. Lukáš Parízek, State Secretary, Ministry of Foreign and European Affairs of the Slovak Republic and Lagos State Governor, Akinwunmi Ambode, who was represented by Mr. Tunji Bello the Secretary to the Lagos State Government, who declared the forum open.

## Good Will Messages

**Ambassador Michel Arrion,** Head of EU Delegation to Nigeria and ECOWAS

In a good will cum welcome statement, Head of EU Delegation to Nigeria and ECOWAS, Michel Arrion, said that this year's forum was organized to bring together business leaders and policy makers from Europe, Nigeria and West Africa to share ideas, discuss business opportunities and deliberate on ways of improving business relations as well as attract investment into critical sectors. He expressed his belief that as Nigeria continues to work towards diversifying its economy, it becomes increasingly pertinent for the EU to help the country harness its potentials for growth. He sketched out the objectives of this year's forum to include articulating measures for long term investment in Nigeria's power sector. He described energy sector as a critical element in Nigeria's economy and said that other sectors would not work well if power does not improve enormously. The ambassador said the power policy should be clear on diversifying the energy mix of the country in order to guide investors in crafting long-term investment plan. He pointed out that the energy mix should help the country meet its power consumption needs.

The second objective, Arrion said, was to identify opportunities and address bottlenecks in Nigeria's textile value chain, adding that improving it has become absolutely necessary in light of the diversification of the nation's economy. He stated that EU has seen a lot of other countries in Africa and Asia take advantage of the textile value chain to enhance their economy and expressed belief in the need for a strong case for such a sector in Nigeria.

He said the third objective was to explore opportunities for EU and Nigerian SMEs to work better together to increase their business opportunities. He announced the launch of a new initiative, the Enterprise Europe Network (EEN), which aims to increase business opportunities for Nigerian and European SMEs.

Describing Nigeria as a major EU diplomatic hub in Africa, the ambassador said the EU is the top destination for oil and non-oil exports from Nigeria. He said Nigeria is also a key recipient of

EU Foreign Direct Investment (FDI) leading to robust economic relations between the two entities with trade volumes reaching €30 billion in 2015.

In a review of last year’s EU-Nigeria Business Forum, the fourth in the series, which focused on opportunities in agriculture, Arrion said the sector is where Nigeria has the most obvious comparative advantage for the diversifying her economy.

“I am pleased to announce that the most tangible result of last year's forum was the commencement of an agricultural policy dialogue between the EU and Nigeria,” he said while announcing that in February next year, the EU Commissioner for Agriculture, Phil Hogan, will lead a business delegation to Nigeria to seek opportunities for investment in agribusiness. “The agricultural policy dialogue was officially launched in September, and is gradually intensifying, as witnessed by the presence this week in Nigeria (and today here at the Forum) of Mr Clarke, the Director of International Relations of the Directorate General for Agriculture of the European Commission.”

Before concluding, Ambassador Arrion encouraged Nigerians to take advantage of the opening up of the European Union ‘flagship programme’ *Horizon 2020* to researchers and innovators across the world. He said *Horizon 2020* is the biggest EU Research and Innovation program ever with nearly €80 billion of funding available over 7 years (2014 to 2020) – in addition to the private investment that this money will attract. The program promises more breakthroughs, discoveries and world-firsts by taking great ideas from the lab to the market.

He ended by appealing to the Federal Government to ratify and sign the Economic Partnership Agreement (EPA) between EU and West Africa to enhance economic development. He said that the EPA will be instrumental to the success of the value chains placed in the forum’s purview as it would remove all EU tariffs on Nigerian exports and protect Nigeria’s domestic industries. He said the EPA will provide for enhanced cooperation between Nigeria and EU and will contribute to deeper regional integration.

**Chief, Dr (Mrs.) Nike Akan**de, CON, President of the Lagos Chamber of Commerce and Industry (LCCI)

Aiming to encourage business leaders, policymakers and investors to see future value in this new developing landscape, Dr Akande said that the forum aligned with the trade promotion agenda of the LCCI, which is keen on building international partnerships and alliances for the promotion of investment and trade flows between Nigerian and friendly countries. She commended the EU for working to enhance the good business relationship between EU and Nigeria adding that the topics in focus were apt for a situation where Nigeria is working on diversifying its economy adding that industrialization is key to economic development, employment generation and poverty alleviation.

“The decline in the price of crude oil has changed our development focus for good, we are now focusing on the non-oil sector,” she said adding that Nigeria needs to attract as much investment as possible at this crucial time when it faces a recession. “We are taking steps to reduce our reliance on oil. A lot of attention is now being paid to manufacturing, agriculture and agro allied industries, solid minerals, lCT, entertainment and tourism and many other areas in the non-oil sector.”

She commended the EU for including SMEs among issues for discussion at the forum stating that small and medium enterprises were a key interest for her during her time as Nigeria’s former Minister of Industry.

Chief Akande, however, pointed out that the time has come for EU investors to pay lesser attention to the perceived risks and impediments of doing business in Nigeria and put more emphasis on the numerous opportunities in Nigeria. She expressed confidence in the government’s emphasis on the development of infrastructure to boost the productivity of the non-oil sector of the economy, declaring that the focus on such infrastructure as power and transport offers tremendous opportunities for investment which EU investors can explore at this time.

She assured that the LCCI in its advocacy activities will continue to engage the relevant authorities on matters pertaining to the investment environment, pointing out that the fundamentals of the Nigerian economy remained strong despite the challenges imposed by the decline in commodity prices. She reminded the forum that the Nigerian government recently created a Presidential Committee on the ease of doing business calling it a further demonstration of government’s commitment to improving the investment environment.

**Lukáš Parízek**, State Secretary, Ministry of Foreign and European Affairs of the Slovak Republic

Mr Parizek began by calling the forum a long tradition and expressed his conviction that the forum was valuable platform to bring together the different business communities in Europe and Nigeria. He described the interaction between European and Nigerian business as a two-way avenue that contributes to increasing domestic investment and the promotion of access to EU markets and of course building strategic partnerships. He said that as a representative of the country which is currently holding the Presidency of the Council of the European Union, he can express appreciation on behalf of the EU and its Member States for the forum adding that he considered it an opportunity to show that the union was serious about delivering results to its citizens.

Parizek said that through promotion of mutual opportunities, the EU creates jobs and ensures the development of its societies. He said after coping with unprecedented banking and financial crises in the past 10 years, the EU has the chance to create a new generation of success. He said his country, Slovakia, assumed the leadership of EU at a time of uncertainty marked by the British referendum but expressed a view that the current semester has been successful. He said that the Slovak presidency of the EU would be realistic, humble and result-oriented in fulfilling its priorities, insisting that only through such an approach can it foster confidence in European citizens in the common European project that has ensured 70 years of peace on most parts of the continent.

He briefly outlined the Slovak's presidency's four key priorities to include making Europe economically stronger and at the same time overcome the fragmentation and barriers between the Member States through the modernisation of the single market. It also includes the development of sustainable migration and asylum policies, and to make Europe globally engaged. He said while the priorities may sound remote, they are very much relevant to Nigeria. He reminded the attendees that the EU remains a global player and the biggest economy that offers a number of opportunities for doing business.

Other achievements of the Slovak presidency, he said, include the modernisation of the single market and progress of the digital market adding that this is very important for partners like Nigeria to blend into a modern and flexible economy that generates huge revenues. He said that by the end of this year, the EU expects progress in the creation of the energy union, which he said would present an opportunity for countries in Africa to enrich the EU's energy supply. He also touched on the Slovak presidency's diplomatic effort in coordinating EU members to ratify the global climate agreement which was signed on 4$^{th}$ November 2016. He said that significant steps have been achieved in the European enlargement policy including opening an accession chapter with Serbia in July, which is an important acknowledgement of the political processes in the Western Balkans that are crucial for the stability of the wider region. He said all this effort was to ensure equal access to the European market, increase the predictability of the political environment, enhance the rule of law and create jobs opportunities.

The European Union, Parizek said, as friends of Nigeria has an interest in helping the country diversify its economy away from oil adding that this effort will be facilitated by the ratification and signing of the Economic Partnership Agreement, which will contribute to mutual trade and investment through granting Nigeria duty-free and quota-free access to the EU market. He maintained that in doing business with the EU, Nigeria can tackle a number of its own challenges and expressed the conviction that deeper mutual ties between both entities would lead towards further economic stability, prosperity and win- win results.

"We are here to help in diversifying the Nigerian economy and this agreement is supportive for it. Moreover it will be helpful in the current context of persisting low-oil prices that Nigeria has to face. Therefore I would like to encourage our Nigerian partners to join, let me use the expression, the "Economic Partnership Agreement club."

**Lagos State Governor, Akinwunmi Ambode,** represented by Mr. Tunji Bello, Secretary to the Lagos State Government

Governor Ambode assured that the state is committed to providing critical infrastructures to support businesses and guaranteed that there would not be obstructions on the path of companies seeking to establish their business in Lagos. He also surmised that SMEs offer a huge potential for jobs creation and improved productivity. "Investment opportunities still abound and desirous investors are guaranteed government support to remove log-jams and bottlenecks that impede the ease of doing business," he said.

Ambode, who officially declared the event open, said that since the conclusion of the fourth edition of the forum, which focused on addressing obstacles to the effective development of the agricultural value chain, the state has achieved significant progress in the sector. He said that six months ago, Lagos signed a memorandum of understanding with the Kebbi state on food security and targeted around value chains that include rice, wheat, groundnut, onions, maize and beef. This partnership, according to him, will contribute to national self-sufficiency in rice production by about 70 percent. "Just yesterday we opened the maiden edition of the Lagos Food Security Summit and Exhibition with the objective of highlighting investment opportunities in the agricultural value chain," he added.

He outlined current Lagos state efforts towards encouraging small and medium enterprises, which include earmarking about N6.25 billion for its Employment Trust Fund (ETF) as initial investment in a N25 billion funding package for self-employment generation through entrepreneurship. He said the ETF was conceived to support entrepreneurs to create small businesses that would require little startup capital. Another programme he mentioned was the initiation of an annual fair for SMEs to encourage investment into the business.

He advocated increased EU participation in his government's investment drive, which, he said, is yielding the desired results and disclosed that Lagos has become a preferred choice destination for foreign investors. He noted that Lagos state's Office of Overseas Affairs and Investment, sometimes referred to as Lagos Global, provides support services to both existing and potential investors.

**Moderated Panel Discussion**

**First Session: Funding the Nigerian Power Sector: Tapping Into Available Financing Options**

- **Brief Session Summary:** The rapid and sustainable development of the power sector holds the key to Nigeria's economic growth and competitiveness. Participating in global value chains requires stable and predictable electricity to maximize opportunities. Nigeria's power sector is still in dire need of sustainable long term funding. But there are various funding options available which have remained inaccessible due to lack of openness and transparency in the sector. How can grants be blended with loans to finance this sector? The diversification of the energy mix is also critical in mitigating the risks over overdependence of gas. What are the funding options available for renewable energy? These issues have been discussed by the panel.

The first session of the forum was chaired by Ms Victoria Oso Adefala, Managing Partner of Whitgift Law and former MD of Alstom Nigeria. It discussed Nigeria's power investment opportunities, following government's commitment to involve a wider range of stakeholders in the diversification of Nigeria's electricity investment, leveraging private sector input and reshaping development pathways towards the country's energy sufficiency. The panelists included Mr Babatunde Fashola, SAN, Honourable Minister of Power, Works and Housing; Mr. Uche Orji, Managing Director and CEO of Nigeria Sovereign Investment Agency, who was represent by Obinna Ihedioha, Vice President, Infrastructure Investment and Special Advisor to the Managing Director; Mr Hugo Pierrel, Deputy Country Director, Agence Francaise de Development (AFD); Ms Eme Essien Lore, Country Manager, International Finance Corporation (IFC) and Mr Juan Casla, Head of the Economic Cooperation and Energy Section, EU Delegation.

The session began with a Keynote Presentation on *"Financing the Nigerian Power Sector"* presented by the Honuorable Minister, Fashola. He began by saluting the EU's unflagging effort in building partnerships with Nigeria, pointing out that a course of innovative thinking, progressive policies and clearly set ambitious targets are keys to bringing about a boom in Nigeria's power sector. He focused on three points during his presentation: the investment opportunities in Nigeria's energy system, the multidimensional implications of the sector's privatisation and preserving the investment environment by limiting policy flipflops.

He urged the EU-business delegates to take advantage of the various investment opportunities in Nigeria's infrastructure including the power sector, which assures clear returns on investment (ROI). He insisted that no economy would grow without investment in infrastructure, calling it a globally tested and scientifically proven parameter for driving growth. "In the science of economic management and governance, nobody has found a different way," Fashola said mentioning United States' President-elect, Donald Trump who, in his inaugural speech on winning the USA Presidential elections, promised to unleash the potential of infrastructure in his country.

The minister excoriated the immediate past administration of Goodluck Jonathan over its claims to have overseen Nigeria's growth over the past decade, a growth he said was driven by high oil prices, not any economic policy implemented by the administration. He said it was important to disprove what he called "the emerging distortions about how the Nigerian economy grew in the last few years," saying that nobody can fairly lay claim to any economic policy that drove that growth. "Let me be clear that nothing can be further from the truth than any person seeking to claim any substantial credit for that period of about 7.5 to 8% growth," the minister said.

"The globally accepted drivers of growth are infrastructure and sound economic policies. Where are the completed power plants, the completed rails and road projects and bridges, steel plants and related infrastructure? The evidence that abounded, which was reported at the time, were thousands of uncompleted projects at the best or abandoned projects at the worst," Fashola said. "They are the roads and power projects that were not budgeted for or funded, that resulted in the lack of payment to contractors since 2013 and massive job layoffs. These are not indices of growth; at least not in a sustainable way", he said adding that the growth that was recorded came from income from sale of crude oil and the attendant price hikes.

The minister voiced his disappointment that although all oil producing countries enjoyed the boom while it lasted, some invested in infrastructure and were now coping well with the current "harsh global economic winter" while those who did not invest wisely were struggling to cope with the harsh winter "while waiting for the arrival of a better spring". According to him, while it was fair and true to concede the attempt of economic policies to drive local content in the oil industry, the evidence on the ground pointed largely to a foreign domination in the technological and productive areas of the nation's oil industry while services had accommodated local content participation.

"In effect, foreign content controls the production, and by extension the growth, while allowing local content to take some of the byproducts of the benefit", he said adding that the real area of local growth had been in the entertainment industry which, according to him, "has happened in spite of any coherent government policy by sheer entrepreneurship of the operators".

While stressing the link between electricity and economic development, the minister reiterated that the power sector has been privatized, pointing out that by privatization, government has expressed intention to let go of power generation and power distribution, while retaining transmission through the Transmission Company of Nigeria (TCN). He said the primary role of government now lies in addressing the issues facing the power sector by identifying solutions and crafting policies through the ministry, in areas like the energy mix, safety of energy and governance. This new role assumed by government and aimed at creating an unprecedented future for power adequacy would involve regulation through the Nigerian Electricity Regulatory Commission (NERC) to license, monitor and sanction the operators as well as setting the tariff. It would also mean addressing issues of safety through the Nigerian Electricity Management Service Agency (NEMSA) to ensure the quality of installations, certification of equipment and standards and meters, among other responsibilities.

Other agencies through which government exercises control over the sector, the Minister said, include the Bureau of Public Enterprises (BPE), for governance, the Nigerian Bulk Electricity Trader (NBET) for tariff negotiation and guarantee of income during transition and as Electricity Bulk Purchaser and the TCN for transmission, grid management and expansion.

The minister stated that the Nigeria is committed to meeting its power needs through the transformation of power generation, transmission and distribution. He said that the power sector privatisation offers enormous potentials that offer high returns on investment (ROI) and generous tax incentives. "Public Private Partnership (PPP) is key in financing projects and providing infrastructure. We in governance recognise that and serious investors know we are ready to create a framework for sustainable development," Fashola said.

He, however, insisted that if initiatives to drive electricity must mean anything, they must include connecting the rural areas to electricity. To ensure Nigeria's ability to transform its rural areas, the minister announced plans to spend an estimated $150 million on a new Rural Electrification Programme in the country using 44 tertiary institutions and the small hydro dams in the rural areas of the country as anchors. He explained that 37 out of the 44 tertiary institutions audited were universities while seven were teaching hospitals, said government would deploy 37 IPPs made up of nine gas plants and 28 solar plants with a combined generation capacity of 120 Megawatts to power all the universities.

While revealing that President Muhammadu Buhari has approved the rural electrification initiative, Fashola said the amount would be deployed towards providing Independent Power Plants (IPPs) to supply electricity to the tertiary institutions with a view to extending same to the rural communities in their environs. He explained that the 37 IPPs would replace 1,105 generators that were hitherto serving the institutions and generating 210 MW of “inefficient and unclean energy."

Fashola, who emphasized the need for financing and liquidity stability in the sector, listed areas in the sector where investors can put their money to include taking advantage of low-hanging fruits in the distribution companies (DisCos) and generation companies (GenCos) which, he said, need operational capital in the mix of foreign exchange to fund the acquisition of meters, upgrading of distribution equipment like transformers, ring mains units, feeders for DisCos and the procurement of turbines, parts and accessories for GenCos.

According, to him, one of the challenges facing the sector is the huge debt owed to DisCos, which is consequent on the fact that significant numbers of consumers who are using electricity are not metered. He said that there are millions of consumers yet to be metered, which therefore presents immense opportunity for investment, adding that the DisCos need a lot of operating capital to buy metres, to change transformers that are old and to extend access to their customers. “They need operational capital and they need it in mix of foreign exchange because some of the things they want to buy are not made in Nigeria and there are some made in Nigeria,” he said.

He said investment in the GenCos would prove profitable because as the market settles and stabilizes investors can look forward to a good return on investment. He listed potential areas of investment in power generation to include the development of new dams and management of existing dams as well as small hydro power scheme, gas extraction and processing, installation of meters and other accessories to supply gas to existing power plants. This, he said, is in view of government’s new thinking of diversifying and exploiting various sources of energy apart from big hydro plants. The minister intimated that as part of power diversification policy of the government, a new energy mix which encourages construction of solar farms, coal fired plants, renewable resources and investment in gas/gas pipeline infrastructures, is being pursued. These, according to him, are other attractive investment opportunities to invest.

He announced that the government has mapped out an energy production plan which encourages the siting of power production facilities close to the source of power fuel pointing out that it was to makes it easier for investors to know where to go for a specific investment in the new energy mix. He said that the new energy mix will be a combination of solar, hydro and coal. He said Jigawa and Kano states have been identified as the most fertile areas for solar investment, while Niger state is has also been identified as the most prolific area for siting coal-fired plants. For the South South and South West, he said power generation will be targeted to come largely from gas while in the South East, it will be a combination of gas and coal.

The minister also said that TCN, which is solely responsible for transporting all the power generated via the national grid, would benefit from financing for its grid expansion programme if it could “present a detailed prospect plan that demonstrates investment need and return potential." He pointed out that TCN would also benefit from investment in local galvanized steel companies and local transformer and cable companies to supply her project implementation inputs.

According to the minister, financing opportunities exist in NBET, which added "plays a stabilizing role as bulk power purchaser and guarantor of payment for all operations by signing power purchase agreements with power providers. He said NBET was planning to raise a bond, and encouraged investors to buy into it especially because it is a government owned. He said there is potential in the Rural Electrification Fund, meter, transformer, cable and galvanized steel manufacturing companies in the country all of which, according to him, "are in need of forex to acquire some of their raw materials to enable them supply and support the industry with products made or assembled in Nigeria, in order to drive growth."

Fashola also recommended the National Power Training Institute (NPTI), a skill developer institution in the sector, as a financing opportunity, stating that the institute recently completed the training of 500 graduates of house wiring and electrical appliances. he said potential Investors can also key into the investment potentials in the power sector by buying equities in some of the existing DisCos and GenCos as well as engaging in the supply of electricity accessories.

The Minister said the list of possibilities and opportunities is not exhaustive but only indicative adding however, that the problem was not a lack of investment appetite but rather directing investment to the right places based on a clear understanding of how the privatized industry now operates and what they need. He said what was needed could only evolve by dedicated planning for project implementation, clear bills of quantities and a detailed implementation programme.

Fashola, while assuring that the present administration has a plan to transform the power sector, said it was committed to getting power right in order to provide a critical infrastructure to drive growth. He thanked the EU for its support towards developing Nigeria's infrastructure recalling in particular, the financial grants it provided to support the country's power initiatives. He expressed the hope that the grant could be accessed and deployed to support rural electrification programme and increase access to electricity, support education, and agriculture.

In reference to discussions in some quarters about revisiting the power sector privatization, Fashola urged those raising the issue to be specific about what they mean by "revisiting." He said flipflop in government policies in the past did not help infrastructural growth, stating that the investor community in Nigeria is so small, and they talk to themselves by day, the same way politicians do to themselves by night. He stressed that a flip flop in government policies would make them exit the country almost at the same time.

"While I would love to have some more clarification about what is meant by revisit, let me be clear that we would probably not be here talking about financing opportunities in power, without privatisation," The minister said adding that if meant revoking the privatisation of the power sector done three years ago he was not in support pointing out that it would mean cancelling contractual obligations entered into between government and the investors who had committed capital in the programme.

“If those calling for revisiting of the privatisation of the power sector meant to say improving the governance, performance and efficiency, then, I am here for that. If revisiting it will mean that Distribution Companies (DisCos) should open up and investments should come in, I am for that. If it means that the entire power sector will become very efficient, I will support it,” he said. “If revisiting means that the operators should allow more investors into the business I am for it but with the caveat that it has to be done within the Rules of Contract, negotiation and possibly arbitration. But, I will not support cancelling of the contracts we had with them”

The minister said that investors who took the plunge into the programme must have the assurance that government will not flip flop adding that any hint of the cancellation of the exercise would send a negative signal to investors that Nigeria has no respect for contracts. He warned that contracts fail have consequences, stressing that if the country must attract investment both locally and internationally, she must stop policy inconsistency. “That is my personal position and as minister, that will be the position I would canvass. Of course I don’t believe in revoking contracts; and let’s be clear about this; the investment community is a small community they talk to each other every day,” he said.

While declaring the commitment of the present administration to uphold all the contracts that it is committed, the minister expressed support for the governance and holding operators to their agreements adding that the ministry was fully supporting NERC, the regulator, to develop verifiable parameters of ranking, compliance and sanctions that would stand the test of objectivity. “These are laws we must now enforce; proper governance, how managers, directors must behave in a company, rules of position of account, proper auditing and all of that. I am for that and we have started that process,” he said.

Fashola concluded by pointing government’s willingness to be flexible on the clause in the privatisation contract limiting the sale of not more than five per cent of the equity adding that once there was a consensus, the parties could renegotiate their contract and break new grounds.

**Discussions**

**Chair of the session, Victoria Adefala**, questioned the panel on why new power plants are not being built at the rate that satisfies the needs of the market. She said that since the early 2000s, government has issued more than 150 licenses to independent power producers (IPP) but wondered why those recipients are not rushing down the street establishing power plants. She said that outside the power plants built by the power companies and the National Integrated Power Project (NIPP), there weren’t much visible evidence to indicate that companies are enthusiastic about investing in power generation. She acknowledged that there were few ongoing power station projects like, Century Powers, Yellowstone Power, Quantum Power, Azura Thermal Power, Geometric Power and Seven Energy adding that after these projects the number gets a little bit thinner. She pointed out that Nigeria has privatized its power sector and the demand for electricity but questioned why people are not building power plants. She demanded from members of the panel who incidentally are investing organisations how far they were willing to go in backing companies willing to construct power plants.

**Eme Essien Lore, Country Manager** said that the IFC is bullish on the power sector in Nigeria adding that what the Nigerian government did several years ago privatising the power sector was in the perspective of the IFC, bold and ambitious reform agenda. She said it was a result of that the IFC decided to back the effort so that other investors can follow adding that its decision to invest in Nigeria's power sector was based on the government's decision to explore diverse sources to generate power. Her organisation, she said, recently reviewed the opportunities in the sector and identified potentials in generation and gas distribution. She pointed out that there were still a lot of challenges bedeviling the sector, most which she said are internal issues that need to be solved in the near term. She stressed that it is important to recognise that the power sector is a system, a value chain where the people involved depend on each other adding that making the system to work well is what interests the IFC, especially in trying to ensure the financial sustainability of the entire sector. She said the IFC has no headroom constraints when it comes to investments in the sector. She said the IFC as part of the World Bank group has heavily invested in Azura Energy, Qua Iboe plant and Seven Energy adding that its total exposure in the power sector is up to $1.5 billion. She assured that the IFC is seriously committed to Nigeria's power sector development and will continue to grow exposure considerably.

**Obinna Ihedioha** who represented the Managing Director of Nigeria Sovereign Investment Agency (NSIA) said that the organisation is steadily collaborating with players in the power sector to finance infrastructure projects adding since it commenced operation, infrastructure development has played a key role in its proposals. He said the Nigeria Infrastructure Fund (NIF) is focusing on Nigerian infrastructure and is looking at opportunities that could potentially include healthcare, security, aviation as well as power, where it is investing across power value chain of generation, distribution and transmission. He said the agency invested in Seven Energy after looking at the variables for investment in power and settling on the company's gas development, production and distribution project. He said the agency's involvement depends on the bankability of the power projects because it has to look at the entire value chain and determining its exit strategy. Ihedioha intimated that the sovereign investment agency is looking at working with the EU to build solar power projects in the north of Nigeria and the development of generation and distribution assets in the value chain. He said that while the agency is trying as much as possible to add investments in the country, the safety of those investment remain key for it.

He reiterated NSIA's commitment to funding and supporting businesses in the power sector value chain. He noted that Nigerian infrastructure fund constitutes a significant aspect of the institution's funding programme and it has so far received 216 applications from the power sector. He outlined the steps taken by the NSIA on forwarded applications, some of which include carrying out risk evaluation and mitigation, tariff plan and business viability, value-chain assessment, financial model and business line and risk evaluation amongst others.

**Hugo Pierrel,** Deputy Country Director, Agence Francaise de Development who gave a brief background of AFD said it is a relatively new entrant in Nigeria's infrastructure space having started in 2010 with investments in the urban transport development projects in Lagos. He added that while the agency is new, it has grown over the years with a portfolio of over $1.2 billion. He said that energy is a key part of AFD's portfolio adding that access to sustainable power is critical to development and it is the engine of growth. He said the map for energy in Nigeria has changed creating a situation where GenCos and Discos were privatised adding that AfD has a value chain approach to the power with involvement in generation, transmission, distribution and training. He said that AFD was one of the first to get involved in generation with investments in the Azura project adding that is contemplating doubling its exposure in the energy sector, which is up $350 million in the next two years with in investments in mostly gas and transmission. He said its new focus is on the new IPPs that are to be installed in the north of the country adding that among the four being planned, it intends to finance about two or three. He said that for small generating projects and DisCos, AFD is planning to develop new product aimed at enhancing the involvement of Nigeria banks in financing the private sector in power generation. He envisaged that during the first semester of 2017 it will be launched with a N100 billion line of credit to support all types of renewal energy projects.

**Juan Casla,** the Head of the Economic Cooperation and Energy Section, said the EU has a priority in cooperation with Nigeria towards the energy sector and are focusing very much on the promotion of renewal of energy in the country, improvement of energy efficiency, as well as improving access to electricity in the rural areas. He said the EU has funding of €150 million to finance this priority between the years 2014-2020 and that €86 million has so far been spent on projects across the country. He said the funding are more of grants as opposed to loans coming from banks adding that the way the EU has designed its support funding is to match its grants with loans from banking institutions (so-called blending) adding that it is focusing very much on renewable energy and energy efficiency in all of the supply chain.

### Audience Reaction

Most of the questions from the audience were directed at the Minister of Power. The questions revolved around enhancing the regulation of the GenCos, creation of a template for inclusion of small businesses in power generation and distribution, the need for innovative policies to protect rural communities were renewal energy projects are sited and consumer protection. The Minister acknowledged that transition to private companies to manage the power sector came with challenges for both Nigerian consumers and the investors stating that while the private companies are making efforts to firmly meet the new tasks of generating and distributing power supply, Nigerians have not really understood their responsibility in the new development. He said people still look up to the government as if it still has the responsibility for generating and distributing electricity pointing out that this attitude manifest in the failure to pay electricity bills. He said that the DisCos were owed over N100 billion and that the debt burden is impacting their operations. He maintained that managing the expectations of Nigerians from the power sector would require extending the impact of privatisation to the grassroots so that everybody would understand what it was. He reiterated that the present administration was committed to its goal of ensuring uninterrupted power supply in the country.

Fashola said that in order to enhance the current efforts to achieve this goal, there was need to support governance and compliance with investment regulations and called on state and local government administrations to look into the possibility of generating electricity for those who do the business in their communities. He said that government is open to the idea of people investing in small power projects but advised those interested in exploring such opportunities that government would not accept a situation where they generate power at heavy cost and want to force it on consumers. “If they find willing buyers who want to take energy from willing sellers and they agree with no compulsion and they want to take it at premium price, which is still cheaper than generator, you will have no problem at all with me,” he said. “You must give consumers at the protected tariff regime.”

On consumer protection, Fashola called value for money a two-sided coin. He said that on the consumer’s side it involved estimated billing adding that it is why efforts were been made to improve metering. On the DisCo’s side, he said it involved energy theft because people have been reported to have bypassed their meters to avoid paying for the electricity they consume. He said that filing complaints now is easy for consumers pointing out that grievances could be escalated to consumer complaint centres, which he informed were being opened all over the country. “But most importantly, most of the DisCos now have internet based platforms where you buy energy and they have complaint units on them. So, when you have a problem it is not NERC you run to. It is your service provider because it is him that takes your money,” the Minister said. He said some contractors are still sending proposals to his office offering to supply electricity equipment advising that such proposals should be directed to the GenCos and DisCos while license applications should be directed to NERC.

**Second Session: Textile: Plugging into the Global Value Chain**

- **Brief Session Summary:** The Nigerian textile industry has experienced a decline over the past decades due to cheap imports, high cost of power generation and smuggling. This continues to threaten the sustainability of the sector. With this infrastructure deficit, Nigeria still remains absent in the garment value chain. The panel discussed how the country can reposition itself to take advantage of new export opportunities for the textile and garment value chain.

The second session of the forum was chaired by Mrs. Adenike Ogunlesi, CRO/ Founder, Ruff 'n' Tumble. It examined how garmenting and readymade apparels production shapes investment in the textile sector, the immense opportunities for Nigeria in the value chain and the key conditions and domestic policies that would enable it to translate these opportunities into economic growth. Members of the panel included Mallam Nasir El Rufai, Executive Governor of Kaduna State, Mr. Adamu Atta, CEO of Matad Nigeria Ltd, Mr. Michel Gallez, Executive Director of United Nigerian Textiles Limited (UNTL), Mr Adebisi Adekunle, Country Manager, Vlisco Nigeria, Mr. Laouali Chaibou, Commissioner for Trade, Customs, Free Movement, ECOWAS Commission, Sandra Gallina, Director, Sustainable Development, Economic Partnership Agreements - Africa, Caribbean and Pacific, European Commission (DG TRADE), Mr. Waheed Olagunju, Ag. Managing Director, Bank of Industry, represented by Mrs Lolo Kadafa Group Head, Agro-Processing, Bank of Industry, Ms Patience Torlowei, MD/Creative Director, Torlowei, and Ms Oreofe Akinkugbe, Founder/ Director, Clothing360 Organization.

Governor El Rufai kicked off the session with the first keynote address dealing with "*Repositioning Nigeria towards Benefitting from the Global Textile Value Chain*." He said that the textile industry is very important to Kaduna State pointing out that in the past, Kaduna was referred to as the Manchester of Nigeria because it had the largest concentration of textile companies in Nigeria. Today, in Kaduna, all but one and half of more than a dozen textile companies have gone out of business. His choice of one half is because one of the existing companies produces blankets while the other, UNTL, is into spinning, does the rest of the finishing in Lagos, and as such cannot be called a complete company. He said that at the height of the growth in Nigerian textile, the industry employed nearly 300,000 people and accounted for more than nearly 15% of GDP. He said most of it was driven by cotton production which he added has collapsed. He said that in the past the largest contributor to Kaduna's revenue was the textile value chain that it has been replaced by the breweries. He said that of all the textile companies that were in the state only one belongs to the government and that is Kaduna Textile Company which is owned by the 19 Northern states. Citing studies from the Kaduna textile and discussions with industry players, he traced the collapse of the industry to problems like smuggling and that the sector is suffering from dumping by Chinese companies. Obsolete machinery which result in poor product quality, making it difficult to compete, infrastructure deficiency especially in the area of power stressing that electricity is the largest contributor to the economic underdevelopment of Nigeria. Another problem he mentioned was multiple taxation from the federal, state and local government. Another contributor to the collapse he said, was the Structured Adjustment Programme which led to the devaluation of the Naira resulting in increased cost of spare parts. There was also the instability of government in the form of successive military coups that disrupted democratic experiments adding that the lack of continuity in government inevitably led to continuity in policies. He also said that problem arose from the demand and supply side especially with regards to purchasing power.

Governor El Rufai said that in trying to reverse the decline of the textile sector, the state is looking at the global textile value chain and now understands that the entire cotton, textile and garment (CTG) value chain consist of several sub groups like ginnery, yarn manufacturing, knitting, garmenting. He said that a country can choose to specialize in one or all of this citing that there are companies in Europe that do end–to–end finishing. Those that are in Mauritius and Madagascar are involved in garmenting or just one or two aspect of the value chain. He said that the state has come to the conclusion that, while there are plans to review cotton farming, the biggest opportunity it sees is to go into the garmenting section of the value chain and start from there and walk back in the bid to revive the entire industry.

He said that in January 2016, the Northern Governors sent a delegation to Jeddah to request support and partnership with the Islamic Development Bank in revitalizing the industry. The idea, he said, is for the bank to bring technical assistance. Other plans are to bring in long fiber seedlings to replace the short fibre type and to train farmers to start to plant them, adding that there are opportunities for investment inputs in the provision of fertilizers, pesticides and so on. He said the state has a medium term plan to begin the production of cotton stressing that the state is behind states like Zamfara, Katstina and Kano in cotton production. The Governor said that 26 states in Nigeria can grow cotton and that Nigeria has the potential to be a huge producer of raw materials. He said that there are plans to revive the ginneries as soon as cotton production picks up but pointed out that the state is focusing on using Kaduna Textile as an experiment to go into the garment side of the value chain.

He said before reaching the decision the state studied what was happening globally and noticed four trends.

- The first trend is that there is a geographic shift involving the transfer of textile manufacturing from developed to low cost countries like Bangladesh, Mauritius, Madagascar and Indonesia.
- Second trend is that there are large international retailers that dominate the entire value chain and that put downward pressure on pricing.
- Thirdly, there is lean retailing, where there are big retailers who strictly concentrate on selling of textile while transferring much of the supply chain activities to other industries. Essentially, most of the people selling textile today don't have any role in production, they tend to outsource the entire supply chain to others.
- The fourth trend is the use of barcode technology which has created the capacity to move product to market very quickly. Because of barcode technology and data analysis it is possible to precisely determine the design and size of textile products that are selling more. He said these four trends have significantly reshaped the entire CTG value chain which means that cotton production is based on demand, which in turn is determined by what is being sold on a day-to-day basis by retail outlets.

El Rufai said that what the state saw very clearly is that the key to real transformation and getting Nigeria into this value chain is manufacturing and value addition. He said because Nigeria has the human resources and relatively low wages should start with garmenting expressing the confidence that the country can be competitive in that area. He said this has been helped by the recent devaluation of the Naira, which makes Nigeria's export cheaper. He intimated that as part of the strategy to go into the garmenting business, the state partnered a big Turkish group first to stop the importation of uniforms for the Nigerian military, Police and other paramilitary groups. He said the Turkish Group is taking over Kaduna Textile replacing all the obsolete equipment and lead investment in the business. He announced that the Ministries of Defense and Interior have committed that all the uniforms of the military and paramilitary services will be contracted to the industry once they are assured of quality. He expressed the hope that the demand will lead to companies like UNTL producing the quality of textile that would be used.

He said the critical steps the state has taken in realizing this plan include collaborating with the other 18 states that own Kaduna textile working very closely with the Federal Ministry of Industry, Trade and investment, the Nigeria Customs Service and all the agencies to make sure that the necessary incentives are provided and all bottlenecks and hurdles are removed to ease entry into garmenting. He announced a plan to establish a garment training school in Kaduna. He said the state started a successful experiment last year using local tailors to provide uniforms for secondary schools adding that there is plan to reduce the cost of production through the provision of physical infrastructure announcing that there are two federal power projects nearing completion, a 30 megawatts project at Gurara Dam that would serve the industrial estate in Kaduna. He expressed the hope that by the middle of next year no industry located in Kakuri investment estate will be running on diesel generator instead they would run on uninterrupted public power supply. He said the government has committed to supply water free of charge for five years to the textile companies adding that this was a way of matching the Chinese companies who receive subsidies from their government. The Governor however identified that one other problem bedeviling the industry was a lack of competent management stressing that the state's hope of excelling in garmenting was why it partnered a company that is world class and has done this in many other countries of the world to manage it. He said that the 19 Northern states will not appoint anyone as part of the management of Kaduna textile as it would only have private sector management and private sector board of directors. He said that there is need to solve the security problems, provide infrastructure and ensure that contracts are enforced adding that people need to know that when they break contracts there are consequences. He expressed the hope that the recent arrest of judges will send message that there is a cost to impunity. He said Nigeria is using 20th century solutions to 21st century problems and that has to change asking that technology be employed to solve such problems as smuggling.

A second keynote presentation by Ms Oreofe Akinkugbe on "*Using the Ready-Made Garment Industry to Lead Inclusive & Sustainable Industrialization of the Cotton, Textile and Garment (CTG) Value Chain*" pointed to the need of refocusing Nigeria’s fashion industry using a readymade apparels strategy to plug into what is now a global value chain. The presenter began by delineating the components of the CTG value chain which include haute couture, made to measure, mass production and readymade wear before zoning in on the different ranges of readymade wear that include work wear, uniforms smart-casual wear, leisure wear, sport wear, night wear and underwear. She said readymade wear makes 95% of global garment sale. While the other forms make up just 5% adding that CTG exporting countries of the world focus on readymade wear but in Nigeria vibrant fashion industry focuses on haute couture and made to measure. She said that there is too much interest in this in Nigeria which in turn manifests in the many fashion shows organized in the country but pointed out that this means playing in the market segment that is just 5% of the global garment sale because this segment falls into apparels that people wear occasionally.

She said that in terms of revenue, the ready to wear producers are the highest earners in the value chain attributing it to the fact that clothing is a necessity and people tend to wear readymade garment more than they wear haute couture. She calculated that Nigeria has a youth population of 60%, a working class population of 38.7% and the World Bank and other institution have pegged Nigerian population at 179 million, which means about 120 million Nigerians (cutting across the entire population demography) wear ready-made garment everyday outlining them to include uniforms, work wear, leisure attires, nightwear and under. She maintained that there is a huge domestic market potential for readymade apparels in Nigeria. She raised the issue about who is currently clothing this number of Nigerians pointing out that it is the whole world except Nigeria.

She said that in terms of the provision of employment, the readymade garment industry's capital intensive nature means it can provide jobs for a very large number of Nigerians adding that there are jobs for everybody across the income bracket and the social class. By her definition there are opportunities for low income, average and high wage earners adding that there are jobs for the uneducated and the educated members of the society within the readymade value chain.

She said the opportunities for employment encompasses managerial, technical, creative, specialist and enterprise management. She pointed out that a domestic readymade garment production industry would increases demand in the other CTG value chain including cotton farming and textile manufacturing. She said that the textile and garment industry is responsible for East Asia's early export because most of the countries use at it as starter companies to drive their industrialization and not just in the value chain itself. She cited countries like Vietnam, Cambodia, Bangladesh, India and China pointing out that most of them face challenges that are similar to those being experienced in Nigeria like infrastructure deficits, power deficiency and corruption issues yet they still top garment exporters in the world.

She singled out Bangladesh which is the second largest exporter of readymade apparel and outlined the advantages that Nigeria has over it. Some of which include population density and landmass. Bangladesh she said is a very small area with the highest population density in the world in a space that is six times smaller than Nigeria. Other advantages she said is that Bangladesh doesn't have a thriving cotton production and has cheap labour. She said that Bangladesh earned in revenue $28 billion from the readymade industry and in enterprise has over 5000 readymade factories (outside the textile companies) in the 1980s they added an average of 77 factories a year and in the 90s they added 244 factories a year on the average.

She said that Nigeria has all the advantages to be successful in readymade garment manufacturing expressing her organization's desire for Nigeria to be the emerging hub for global export of quality and affordable readymade garment. She said her organization was created to stimulate concert effort to organize the readymade apparel industry stressing that currently the industry is grossly underdeveloped. She said that the issues around the industry's underdevelopment are not mostly about the lack of infrastructure but about designing haut couture as the only career path to success. Every fashion designer in Nigeria wants to own a fashion house and feature in fashion shows whereas that is just 5% of the global garment market.

Second is the misconception about dressing style. Nigeria assume people wear more haute couture than readymade garment because that is what tailors produce mostly. Third is a misconception about the Ankara fabric. Nigerian fashion industry is always trying to force the Ankara garment on the market without reckoning that other countries who produce readymade wear have their own natural wear. Fourth is Nigeria aversion to made in Nigeria goods. There has to be an attempt to change this mindset by ensuring that goods of high quality are made in forms and Nigerians will buy.

She concluded by reiterating that the massive knowledge gap need to be changed through advocacy enlightenment and awareness efforts at local, state and federal level. She advocated the legal frameworks for the development of readymade wear industry and the creation of clusters to ensure kick start the industry and that once this is done the investors will come.

**Discussion**

**Mrs Ogunlesi, Chair of the session**, concurred with the presenter on the knowledge gap about the industry especially in the area concerning Nigerians aversion to buying things manufactured in the country. She said that the cloths sold in the 17 shops of Ruff n Tumble have a huge clientele because the children's apparel is of a very high quality and customers cannot distinguish what is designed and made in Nigeria from what is imported. In agreeing that there are big opportunities in the readymade segment of the value chain, she singled out the white shirt which she added is worn by millions of Nigerian male working population stressing that investments in it would spur many enterprise support companies that would provide millions of jobs in button, zips and accessories production.

**Sandra Gallina** began by mentioning her industry experience that stretches from the 90s. She said she has been dealing with textiles in one way or the other and has seen the changes that have gone through the industry. She said that Nigeria sits in the fifth region to produce the best cotton but it needs to move to the longer staple. She said that Nigeria needs diversification otherwise its exports will not develop. On the CTG value chain she sounded a note of caution, warning that it is important not to make an amalgam between textile and clothing pointing out that one is capital intensive and the other is labour intensive pointing out that labour skills are needed which in turn means training. She warned that Nigerians should not dream that the abundant ability needed for clothing industry can be imitated overnight. Recalling visits to Madagascar, Turkey and a long tour of Bangladesh, Gallina said that in the latter country there are self-contain units of 10 workers that start from the cuts and produce a t-shirt adding that their work is calculated in minutes and they know full well in how many minutes they are producing one t-shirt. She said that there are aspects of labour rights that go with the textile industry pointing out that the industry is a source of wealth, jobs and labour rights that need to be respected. She alluded to the tragedy of Rana Plaza, an eight-story garment-factory building in Bangladesh that collapsed in 2013 killing 1,127 workers saying that the EU has played a major role in trying to solve the problem in Bangladesh.

Gallina said that for Nigeria to plug into the textile value chain, reality has to live up to expectations adding that certain structural barriers like the country's poor infrastructure could derail the dream. She said while people see potential in a Nigerian fashion market, wishing alone would not make the country a major bright spot in the global textile landscape. She outlined key take off measures for the value chain to include formulating supportive government policies, creating access new markets, attracting and keeping talent, raising finance, and embracing technological change. For there to be a readymade wear ecosystem, there is need to provide basic infrastructure especially electricity, invest in the skills of the people and provide modern machinery that have capacity to handle and deliver on big demands.

She said the EU can help Nigeria on this but the country needs to ratify and sign the Economic Partnership Agreement (EPA), which she said would easily facilitate duty-free Nigerian exports into the EU market which accounts for 40% of the world's CTG consumption. The EPA can assist with capacity building as well as support importation of required accessories for the CTG value chain from EU. She emphasized that the EPA would cut down production costs and allow manufacturers to get better access to high technology goods, especially for machinery and equipment adding that the agreement is intended to guarantee Nigerian businesses duty-and-quota free access to the EU market.

Ms. Gallina enumerated the factors that enabled countries like Bangladesh, Vietnam, and Pakistan to achieve global leadership in the CTG global market to include: competitiveness of their products, investment in skills acquisition, acquisition of modern machinery, creation of export processing zones (EPZ), guaranteed minimum hours of power supply, and supportive and stable government policies. She acknowledged the potentials in the Nigerian environment such as availability of raw materials, huge internal market and readily available workforce but strongly advised the Government to focus on economies of scale, tackle the scourge of smuggling and forge regional integration of West Africa.

**Commissioner Laouali Chaibou** whose comments were presented in English by Dr Gbenga Obideyi, Director of Trade of the ECOWAS Commission, said that the regional body wants to transit from ECOWAS of state to ECOWAS of people, which he said is a market of 350 million people. He said that of the four countries that form the world's cotton hub, three are from West Africa: namely Burkina Faso, Mali and Benin Republic. He said that the textile industry, which was a core and major part of the economy of Nigeria, and a major source of employment and foreign exchange, has the opportunity to return to its pride of place. According to him, Nigeria as the dominant economic power in the region should play a leadership role in the revival of the CT industry. He enjoined the country to take advantage of the quota and duty free access to the EU market. He asked Nigeria to go into the entire textile value chain and look for a way to dominate the West African market and further requested the country should take advantage of the opportunities provided by the EPA between EU and ECOWAS with hopes that ECOWAS would work towards becoming the dominant partner in the relationship.

**UNTL executive director, Gallez** outlined that his organization has invested funds in transforming its textile factory in Kaduna with the outcome that Nigeria, especially UNTL, has the capacity and commitment to produce the finest quality of fabric. He said that the industry has survived due to the subsidy given to it by the government but stressed that the textile companies were facing the challenge of competing with products from China which are regularly dumped on Nigerian markets. According to him, the industry had to make a choice between going for mass production or niche production but settled for the latter because it could not compete with the influx of products smuggled into the country.

He also lamented that because there is no intellectual property protection in Nigeria several imitations of their genuine products also end up in the market. He warned that if the textile companies must survive, the government has to come up with policies that protect intellectual property. Another area he cited as presenting a challenge for the industry was gas supply stating that the industry pays two times the equivalent of the international gas price, pointing out that the new textile policy recommended putting the price of gas for the textile industry at the same amount offered to power companies but that it was yet to be implemented. He said that the formulation and quick implementation of sustainable policies were needed to drive the CTG value chain.

He further said that UNTL has vibrant brands in its portfolio and has an extensive distribution network adding that the company intends to operate into niche production segment rather than the mass production segment due to the unfair practices of the Chinese competition and smuggling in the country. He concluded by affirming the readiness of UNTL to collaborate with local designers in the garment value chain.

**Mrs Lolo Kadafa Group Head, Agro-Processing**, representing the Managing Director of the Bank of Industry, said that the BOI desired the replication of the textile value chain in all parts of Nigeria. She said BOI has disbursed N60 billion for 70 projects across the cotton value chain from the N100 billion intervention fund of the federal government domiciled in the BOI since it became visible in the textile sector in 2009 adding it has paid N13 billion to beneficiaries across the value from the N50 billion intervention fund established by the Central Bank of Nigeria (CBN). She intimated that the bank also reduced interest rate for the industry from six to four percent. But she pointed out that while the BOI is expanding access to funds the other challenges facing the bank should be addressed asking for a change of attitude from the populace towards made in Nigeria goods adding that creating a domestic market depends on the willingness of Nigerians to buy and use the locally made products. She suggested having the textile industry in clusters, product quality improvement, proactive government involvement and reaffirmed the readiness of the BOI to continue to play an active role in the development of the CTG market.

**Mr. Adekunle, Country Director of Vlisco,** bemoaned the impact of smuggling in textile on the companies in the sector pointing out that in addition to the many critical barriers to entry in the business, smuggling posed the greatest danger. He related Vlisco's interest in opening a factory in Nigeria stating that it could not do so presently because of the critical barriers. He expressed the company's plan to forge strategic alliance with UNTL for the local production of some of her premium brands, restructure her business into upstream and downstream, engage the Ministry of Agriculture and collaborate with Nigerian farmers to meet their production requirements. He stated that the company was willing to increase her stake in the Nigerian market and asked the government to assist in the area of intellectual property protection and reducing the high cost of production. He expressed that the Vlisco Group regards Nigeria as destination market and their company was willing to increase her stake in the CTG market if the government can address the removal of identified barriers, adding that this will help stimulate interest in investment in the CTG value chain.

**Patience Torlowei** who said she owns the only company in Nigeria involved in the production of lingerie attributed Nigeria's failure to launch readymade apparels to the attitude of local fashion designers who are so much attracted to fashion shows. She condemned the attitude of fashion designers who do not fully understand the rudiments of the industry and are more interested in organizing shows than perfecting their products in order to compete with the best in the world. She enumerated a list of recommendations to improve the CTG industry and these include: the use of right equipment, establishment of robust structures which will lead to job specialization and product quality consistency, technical and vocational education development as well as training programmes for practitioners in the CTG value chain.

**Adamu Atta** cited the challenges facing the industry, especially inadequate infrastructure, lack of skilled manpower and smuggling. He supported the belief though, that if properly strengthened, the CTG value chain has the capacity to create huge employment and facilitate social inclusion but said the key issues hampering the industry were lack of compelling, comprehensive and cohesive vision and absence of a strategy for development. The operating environment in his view posed the biggest threat to the textile industry. He called for the government to enthrone the kind of environment that allows the players to take advantage of the opportunities already articulated around the industry.

**Audience Reaction**

Jumoke Kassm, a sustainability consultant, talked about new polices as way to strengthen Nigeria's capacity in textile pointing out that since Nigeria has 26 states that could produce cotton, a grower scheme run by new generation of young farmers should be introduced to harness the opportunities in that area as well as create jobs for young people.  She said they would be trained and given support to commercialize their products.

Another attendee from the Manufacturing Association of Nigeria pointed out that if discussions on new materials and other inputs that attract higher duty are not referred to the Tariff Technical Committee, no viable agenda could be set for the CTG value chain. She blamed instability in the CTG market on inconsistency in government policy, adding that smugglers take advantage of that in consistency.

Safiya Usman, Deputy Head ITPO of UNIDO informed the conference that the organization is working with the Lagos state government to create cluster models for the garment industry. She said that the purpose of the clusters is to build capacity for Nigerian garment producers and asked members of the panel to bring their experience and knowledge to bear on the plan.

Question by Ireti Aina: Is there a government plan to encourage small businesses in the ready to wear sector in the same way that the GTB Fashion Show encourages haute couture? Will there be a link between the Kaduna garment and textile initiative and small fashion houses to create products for export?

A garment producer from Aba exhibited products he said were made by his company but lamented that he could not scale up production because fashion boutiques would not accept them unless he changed the label to made in somewhere else and not Nigeria. He asked how to tackle the situation where Nigerians are averse to made in Nigeria goods.

Chair of the session answered that the problem was that he was not creating a brand. She related how a few persons impressed on her years ago to remove made in Nigeria from Ruff n Tumble products but she refused. She advised the man to work towards branding his product properly in order to make it successful and attract support from Nigerians.

Governor El Rufai in his answer expressed support for a CTG policy in Nigeria but insisted that the development of that policy must have input from the three tiers of government - federal, state and local government – as well as the private sector. He related that similar input in Nigeria's cement production changed that sector during his time as a minister in the administration of President Olusegun Obasanjo "*We decided that we were going to be self-sufficient in cement within five years and we called all participants in the sector and told them our goal. What policies do we need to introduce to make it work? We asked. We had few days of discussion and we agreed to allow importation so long as those involved assured us that they will make investments in cement. That was how Aliko Dangote got into cement*," he said.

The governor pointed out that the outcome is that Dangote is among the four largest manufacturers of cement in the world and that this same sort of support was needed for any sector that wants to attain self-sufficiency. He said Nigeria needs a national policy on self-sufficiency and export and assured that such a plan is being prepared.

The Governor reiterated his commitment towards ensuring that his plan regarding textile and garmenting will succeed adding that if it succeeds it would be a model. "*We want to create a whole industry around Kaduna so that it regains its status as the Manchester of Nigeria*." He said pointing out that the success will come if businesses stop looking to the government to do everything for them. He said businesses must be businesses and government's responsibility should only involve legislation, development of policies and disbursement of incentives.

On the question about linking the Kaduna initiatives with small businesses, the governor reiterated his determination to ensure that the project benefits everybody adding that the aim was not to only revive KTL but to create downstream industries. He said that he wants to get small businesses to fit into the plan pointing out that the opportunities to make uniforms for the police and armed forces are so huge that meeting the supply need will require input from other small businesses and promised to avail KTL facilities for the training and upgrading of small businesses that want to be part of the plan. On what government is doing to support small businesses, he said that a lot is being done pointing out that the Bank of Industry has programmes and that every state has its own programme. In Kaduna, he said there are three programmes to help small businesses. One is KAD-STEP which takes 5000 graduates and train them on entrepreneurial development and at the end of the training, the participants will develop business plans and those that merit funding will receive money. He said that Kaduna state and Bank of Industry provided matching funds of N500m each for the programme adding that Kaduna's money is interest free while BOI's is much below margin.

The Governor said the KAD-STEP programme was open to anyone residing in Kaduna and implores the participants who asked the question to avail the opportunities to start a business in Kaduna.

The other programme is KADAT which involves vocational training for the uneducated and unskilled residents of the state. He said that those who complete the training receive toolkits with which to start their businesses. He said that the aim is to produce artisans that would provide sorely needed services in construction and other sectors. The last one is a scheme to make farming an attractive option for young people. Participants will receive plots of land that they would use for experimental farming to produce wheat.

# Day Two – Friday, November 11, 2016

**3rd Session- Integrating Nigerian SMEs into the Global Value Chain**

- **Brief Session Summary:** The Small and Medium Enterprises (SMEs) sector has been described as the backbone of any economy. According to the National Bureau of Statistics (NBS), there were 37 million Micro, Small and Medium Enterprises (MSMEs) in Nigeria contributing 48.5% of GDP and 7.3% of exports in 2013. The Enterprise Europe Network (EEN) launched in 2008 by the European Commission Executive Agency for SMEs (EASME), is the world's largest support network for small and medium sized businesses (SMEs) with international ambitions. It has 3,000 experts across 600 member organisations in more than 60 countries. Member organisations include chambers of commerce and industry, technology centres, and research institutes. The formation of the Business Cooperation Centre (BCC) in Nigeria opens up opportunities for Nigerian SMEs to benefit from the various sectors of this vast global network. The European Commission Horizon 2020 programme is the biggest EU research and innovation programme ever. It also offers opportunities to Nigerian entities (including SMEs) seeking support to engage in research and innovation. These and other topics, like the National Quality Infrastructure Programme, which aims to improve the quality of Nigerian products to let those meet international standards, were discussed during the panel

The key goal of this session was to review ways of assisting SMEs to identify competitive and viable business opportunities, with an emphasis on mobilising funding and establishing partnerships. Chair of the session was Mr Angelo Peter I. Elosia, Publisher/ Editor-in-Chief, Investment Expo. Members of the panel included Dr Okechukwu Enelamah, Honourable Minister of Industry, Trade and Investment, Mr Dikko Radda, Director General, Small and Medium Enterprises Development Agency (SMEDAN) who was represented by Mr Wale Fasanya, Director of Enterprise Development Promotion, and Ms Cristina Russo, Director International Cooperation, Directorate General Research and Innovation (DG RTD). Other panel discussants were Dr Heiner Lehr, Director, SYNTESA Partners & Associates and Board, Member, Gidigba, Ms. Arum Sukmawanto, Representative of the BCC Nigeria, Ms Isabelle Van Grunderbeeck, EIB Regional Representative for West Africa and Hajiya Zainab Ahmed, the Minister of State, Budget and National Planning.

**Highlights**

**Enterprise Europe Network**

Ms Sukmawanto prefixed her presentation with a video featuring Eric Koch of the Executive Agency for Small and Medium-sized Enterprises (EASME) talking about the EEN. He said the network offers support and advice to businesses across Europe and helps them make the most of the opportunities in the European Union adding that its services are designed for small and medium enterprises but are also available to all businesses, research centres and universities across Europe. He explained that the EEN Nigeria provides variety of services to assist EU businesses looking to enter the Nigerian market through market analysis, business partner search and support services. With EEN Nigeria, businesses would benefit from a unique opportunity created for them to attain quality results in the country as the network is a key instrument in the European Union's strategy to boost growth and jobs as it offers direct access to the largest database of businesses in the EU. Its value is in fostering business-to-business partnerships through fast and effective matchmaking to save clients time and money. Another objective of EEN Nigeria is to provide an easy and friendly access to EU-related information and knowledge that is relevant to SME competitiveness and would help Nigerian enterprises to face the global competitiveness challenges, by easing their access to high standards of valuable and relevant information and knowledge.

Ms Sukmawanto then walked the audience through the network's Nigerian website (enterprisenigeria.org) explaining that it is the largest business network in Europe aimed at maximizing the potential of the European marketplace by facilitating research, technological, and commercial collaboration. For Nigerian businesses in need of information on EU laws, looking for a business partner or want to information on funding opportunities, she said the network offers access to partner matching services, referral programmes, exclusive events and conferences. EEN has 3000 experts drawn from chambers of commerce, technology centres and research institutions calling it a platform for SMEs to innovate and grow and find partners in Europe. She demonstrated how Nigerian SMEs could search and find partners in the different countries of the EU.

According to her, there are 3,000 local experts in 600 locations and a global presence in over 60 countries. The EEN-Nigeria consortium has amongst her members, the Nigerian Chamber of Commerce (coordinator), the Lagos Chamber of Commerce and Industry, Kano Chamber of Commerce and Industry, Mines & Agriculture and the Port Harcourt Chamber of Commerce and Industry. Its scope of service includes:

- Assists in building international partnerships using its robust business database which contains thousands of Companies as well as facilitating contact between the concerned business parties. Its network partners range from Chambers of Commerce, Regional Development Agencies, research institutes and universities, etc.
- The EEN organizes matchmaking and international events where SMEs can physically meet potential business partners and prospects.
- It also renders Business advisory support services ranging from identification and practical advice on best international business opportunities to best market opportunities.

## How the European Investment Bank (EIB) intervenes in SMEs

EIB Regional Representative for West Africa, Ms Van Grunderbeeck, said that access to finance is how the EIB helps in the development of SMEs and this is accomplished by providing credit lines through local banks to finance projects carried out by SMEs. The EIB has a strong track record in supporting crucial investment programmes across Africa and around the world with the key aim of backing the development and growth of SMEs by financing the acquisition of equipment and support the creation of new jobs. She said that SMEs represent the engine of a country's economy in terms of economic growth and the creation of new job opportunities.

The EIB is a publicly owned international financial institution, with its shareholders comprising the EU Member States, which set the bank's broad policy goals. With about €80 billion annually to fund long-term infrastructure and private sector investment, the EIB is the world's largest international public lending institution..While pointing out that there are many opportunities for investment in energy and agriculture she maintained that helping the SMEs to grow is one way to help young people in Africa have access to jobs adding that the bank plans to invest funds and offer equity investments to support SME's with equity participation.

She informed that the EIB would be organising its second Africa Day in partnership with the African Development Bank in Abidjan, Côte d'Ivoire on Monday 21st November saying that it would provide an opportunity to explore ways Africa can utilize its potentials and opportunities to create jobs across a range of sectors. The Africa Day would be an agenda-setting event for those who wish to take part in the debate on how to enable youth employment, innovation and inclusive growth across Africa adding that the event would see the launch of the Boost Africa Initiative to adopt new perspectives on the crucial role to be played by innovation and sustainable development and the impact of financing on the development of opportunities in Africa.

## Integrating Nigeria agri-food SMEs into the global value chain

Dr Lehr, began with an introduction to what his company does. He said that Syntesa offers innovation in the agri-food sector and assists international SMEs in Africa, Asia and Europe through extensive use of research and technology into new areas of competitiveness for SMEs. Syntesa works with private and public clients, such as the European Commission, governments and different agencies of the United Nations. He said that for Nigeria SMEs to plug into the global value chain, three conditions are needed: right product, right pricing and right quality. The right product, he said, Nigeria has in abundance as well as the right pricing but the right quality was an issue. To have the right quality, Nigeria needs to define what quality is, which means standards, technical regulation, quality assessment personnel and test to ensure materials used are of the right quality. These together form what he called the quality infrastructure. He said that the United Nations Industrial Development Organisation (UNIDO) is working on a National Quality Infrastructure (NQI) project, funded by the EU, with the view of building trust for trade.

He said that in the course of the project, they were able to look at five different value chains, four of them from the agri-food sector and identified issues in the sector that can be grouped into:

coordination, which borders on food safety management; cooperation, which involves partners working with their supply chain to achieve food safety standards; and communication, which touches on motivation for change.

Dr Lehr said all these issues together lead to a situation where the food supply chain in Nigeria is sometimes compromised adding that the main issues in food that raise concerns are pesticides and mycotoxins, which are connected to public health issues. Pointing out that this is a serious issue for trade and the brand Nigeria as a supplier of quality material and for Nigerians as consumers, he said that the NQI project is providing Nigerians with quality control systems end-to-end with feedback loops that will bring continuous improvement into the supply chain. This system will help farmers to improve the quality of their produce while the plan is to achieve success through long term access to high value markets, by creating role models whose success can influence others to start copying them. He said that the programme focuses on dry beans due to the import ban placed on this specific product by the EU, but that any success achieved with respect to this product can be easily replicated and extended to the entire food value chain.

He said that the objective of the project was to enhance of the Nigeria's quality infrastructure with the view to improve quality, safety, integrity and marketability of Nigerian goods and services and remove barriers to trade by having an adequate, effective and sustainable quality system in place that is consistent with global practices.

**SMEDAN and SMEs**

Mr Wale Fasanya, the Director of Enterprise Development Promotion in SMEDAN, representing the Director General Mr Dikko Radda, said that SMEs are at the cornerstone of measures aimed at growing, innovating and sustaining Nigeria's economy but lamented that they were not competitive enough and were not good players on the global stage due to certain condition that were beyond their control. He said that SMEs need help one way or another to take them to the next level before they would be strong enough to compete internationally and outlined the different things being explored by SMEDAN to help them grow. Some of the significant SME-tailored programmes of the agency, he said, included SME networking to help entrepreneurs build skills, expand networks, and find markets. SMEDAN is creating channels for SMEs to share business know-how as this contributes to the stability and growth of their businesses, and encourages innovation and resourcefulness.

SMEDAN is working to create a new paradigm for SMEs through improving their capacity but the effort is being hampered by the fact majority of SMEs in the country are micro. He said SMEDAN has taken up the challenge of training and re-training SMEs to ensure that they become more competitive and attractive to funding. He listed the challenges confronting the business to include lack of basic business capacity, a distaste to joint ownership and mismanagement, and zeroed in on lack funding as one persistent difficulty hampering them from scaling their operations. He said SMEs were not adequately funded by government despite the sector's contribution in the areas of job creation, poverty alleviation and revenue generation and bemoaned the situation where banks in Nigeria do not support startups, which he said is because the banks view SMEs as high risk largely due to their informal nature, inability to prepare bankable business plans and poor record keeping. He disclosed that SMEDAN is currently carrying out an SME rating project to minimise these risks and create a sort of credit system that would ensure that successful small business have easy access to funds from banks.

He said another SME support intervention carried out by SMEDAN is the Subcontracting and Partnership Exchange Programme, a technical cooperation initiative between SMEDAN and UNIDO that links domestic enterprises in developing countries to the supply chains of large domestic or international companies.

He advised SMEs to embrace the franchise business model, which is a proven tactic that has been especially potent at delivering growth to the SME sector in countries all around the world. At its simplest, franchising is the adoption of an existing business system in another location. The franchisee is backed by the proven nature of the business system being franchised and gains immediate access to technology which often incorporates existing ICT platforms. He said investors were more inclined to lend to a franchise concept adding that the model provides a low-cost form of financing to fund growth. The franchising model also allows for the rapid development of export capacity as franchise systems can be readily licensed to operate in international markets, which in turn are supported by the export of products and services necessary to support the franchise system.

**Keynote Presentation: "Horizon 2020- EU's Research and Innovation Program, “Open to the World"**

Director Ms Cristina Russo gave an overview of Horizon 2020. She said it is a programme of the EU launched in 2014 with a budget of €77 billion over 7 years to support research and innovation. Part of the key features of the Horizon 2020 programme is that it is “Open to the world” meaning that almost all the calls for proposals are open to African researchers collaborating with European researchers. She said that researchers from developing countries, like Nigeria, involved in projects are eligible for full funding but that grants are awarded mainly to collaborative research projects that must always involve European researchers and the projects must respond directly to the published calls for proposals.

Ms Russo said the funding programme was set up in response to economic crisis and was targeted at future jobs and growth while addressing people's concerns about their livelihoods, safety and environment. It focuses on societal challenges including ICT, agriculture, health, clean energy and transport. It is open to participation from companies, universities, institutes in EU and beyond. She said that participation by SMEs could result in access to an European Union of 500 million people, a single market, 7% of the World's population 24% of world expenditure on research 32% of high-impact publications 32% of patent applications.

She said the programme is open to the world to encourage the participation of researchers from anywhere in the world in extending the frontiers of scientific knowledge and innovation adding that such research access will help Nigerian SMEs through the sharing of expertise that could improve product quality and enhance innovation. She cautioned however that while applicants from non-EU countries are eligible to take part in Horizon 2020 programmes, their proposals must meet the set conditions for qualification adding that the standards for the programme are very high. Applications can be submitted through the "Participant Portal" web site (https://ec.europa.eu/research/participants/portal/desktop/en/home.html) following calls for proposal that are published on the portal. All projects are peer-reviewed by independent experts as a basis to select the best ones for funding.

**Keynote Presentation by Minister of Industry, Trade and Investment**

Dr Enelamah stated that SMEs are expected to play a critical role in government's plan for diversification and growth of the country. He praised SMEs on their efforts in creating employment for majority of Nigerians and noted that small businesses form the foundation of the economy and play an important role in the economics of trade. The Minister explained that the present administration is working hard to create a business-friendly environment for all players in the Nigerian business space. He assured SMEs of government's resolve to improving the ease of doing business, and added that his ministry would be working with relevant agencies to help SMEs access funds for their businesses.

Remarking on President Buhari's initiative on the creation of an enabling environment to improve the ease of doing business, Dr Enelamah said work has commenced on setting up the structure to support the initiative with the establishment of a supporting secretariat in the Nigeria Investment Promotion Commission adding that knowledge experts and technical consultants to support the team have been constituted.

According to the Minister, EU–Nigeria bilateral relations will create a robust opportunity for both entities to deepen trade ties. He said that the government would not fail in its obligation to partnering the organised private sector to revamp existing trade policies for deepening trade in the country. "Nigeria shall, henceforth, use trade negotiations aggressively and ambitiously. Nigeria shall initiate and negotiate strategic free trade agreements (FTAs) with precise objectives, including explicit linkage of access to Nigerian market, as a quid pro quo, for locating industrial investments in Nigeria connected to regional and global value chains,'' the minister said while stressing that a digital led strategy for growth was central to Nigeria's plan for diversification and growth. "The digital economy provides a platform for the integration of Nigerian SMEs into the global value chains, with a catapult effect."

"*The digital economy in Nigeria is one of the fastest growing in the world. It currently accounts for approximately 10 percent of the GDP. Lagos is the largest commercial city in Africa. The city accommodates some of Africa's best known tech businesses such as IrokoTV, Hotels.ng, Jobberman, Andela, Balogun market and Truppr.com. Co-Creation Hub (CC Hub) is Nigeria's leading innovation hub. In the SME ecosystem, entrepreneurial Hubs and business incubation Centers are the future. Nigeria technology start-ups and SMEs are being facilitated through internet connectivity, although we require partnerships and assistance to achieve 100 percent broadband coverage of Nigeria rapidly*," Enelemah said.

He said government is fine-tuning the Nigerian industrial revolution plan to make it more relevant and responsive to the country's present economic challenges and announced that N51.4 billion have been earmarked for the establishment of six special economic zones and industrial clusters in the country. Of this figure, N1.4 billion had been spent on pre-development phase, while N50 billion is to be spent on development of the zones and clusters which are expected to materialize in 2017. He said the Pre-development studies on the six pilot SEZs in Nigeria to world class standards will commence in December 2016. According to him, Afreximbank and China Exim Bank have committed $1billion into the project.

"The Nigerian Industrial Revolution Plan (NIRP) priorities are agribusiness and the agro-allied sector. These are focused on auto-assembly and component manufacturing, sugar, food processing (tomato and fruit juice), textiles and garments, palm oil processing and leather and leather products," the minister said. "These are the sectors where SMEs are operative. Specific programmes are being implemented at various stages." He also noted that Nigerian trade policy practice on trade negotiations and agreements had been revamped and would be used as an engine for growth in the country.

**Keynote Presentation by the Honourable Minister of State for Budget and National Planning, Mrs Zainab Ahmed**

The Minister explained that apart from the economic recession, some other major challenges are the fall in crude oil prices, drop in local oil production and weakening of the nation's currency. These challenges have been exacerbated by the insurrection in the North East, criminal activities and wanton destruction of oil production infrastructure in the Southern parts of the country, all of which has had dire consequences on the economy.

According to her, the government intends to embark on strategic spending on critical projects and sectors of the economy as outlined in the 2016 budget in order to get out of the current economic recession. Also, concerted efforts are being made towards diversification of the economic base to earn additional foreign exchange.

She said that the government views the recession as an opportunity to embark on significant economic reforms and reiterated the critical importance of SMEs in the economy. Other measures by the government include strengthening of key financial institutions like Bank of Agriculture, Nigerian Industrial Development Bank and Bank of Industry, concessioning of critical public infrastructure, enforcement of corporate governance and the establishment of an Efficiency Unit to check financial loopholes in public sector spending, amongst others.

**Audience Reaction**

The major issue raised during this session centred on the inability of small businesses to have access to finance from commercial banks in Nigeria. The Minister of State, Budget and National Planning blamed banks inability to lend to SMEs on government's indebtedness to them. "Banks are not able to borrow to SMEs because government is heavily borrowing from them. 80 per cent of Nigeria's domestic debt comes from commercial banks," she said adding however that the present administration was working with development partners and the International

Finance Corporation (IFC) to ensure that it secured loans from abroad and give banks the opportunity to support local entrepreneurs. She added that government needed the European Union to continue to support its developmental agenda and appealed the European Investment Bank (EIB) to open an office in Nigeria.

**Questions and Answers**

- What is SMEDAN doing to help micro businesses since the form the bulk of MSME members? How is SMEDAN going to drive the provision of data on SMEs for the purposes of planning and allocation of available incentives?
- An attendee pointed out that so much has been said about SMEs not having access to funding and wanted to know if it is possible for SMEDAN and the ministry of trade and investment to collaborate in the setup of a national credit guarantee corporation to encourage banks to lend to SMEs willingly and conveniently. He said that the corporation will take away the risks that scare banks about small businesses lending and encourage them to create loans for SMEs.
- Abimbola Alawode, CEO of Rhabe Ventures Limited and Secretary-General, African Women Entrepreneurship Program (AWEP) Nigeria, asked what the Ministry of Trade and Investment is doing to revive existing business incubation centres in Nigeria which are currently in a state of disrepair so that startups can use them to incubate new businesses. What can EU do to help in this regard?

Mr Fasanya, SMEDAN's Director of Enterprise Development Promotion acknowledge that access to SME's data has been a challenge for his organisation pointing out, however, that it is working with the National Bureau of Statistics (NBS) create credible small business data for the country. He said SMEDAN is working with state governments to register SMEs so that each state could have the statistics of small businesses in each local government area adding that it would help in planning incentive strategies for MSMEs. He said that in 2017 SMEDAN will work with NBS to identify micro businesses in other to differentiate them from other SMEs.

On the issue of credit guarantee scheme, he said SMEDAN worked with different organizations including the CBN to create a guarantee scheme for SMEs. But before it could be launched, the CBN came up with a new credit scheme for loan defaulters which slowed the other plan down. He said within the next one year there would be a national credit guarantee scheme which will essentially help startups. On reviving abandoned incubation centres, he promised to look into the possibilities and work with relevant agencies to see that they are renovated and put to use as startup hubs. He said that currently, there are 23 industrial development centres across the country but they are in a dilapidated state. SMEDAN, he said, is looking at PPP arrangements that would help in rebuilding them adding that some states are willing to help in their renovation while in places where they are not too dilapidated, SMEs are taking them and starting operations in those places.

The Honorauble Minister of State, Zainab Ahmed, said that the government has developed an infrastructure masterplan that has assessed what is needed over the next 30 years and will cost \$30billion. She said plans are underway for projects that would attract public private partnership investments as well as concessions. She said the government has started plans for a $5billion infrastructure fund which will be managed by the Nigerian Sovereign Investment Authority. She said that there is a conscious effort to provide seed funds in the 2017 budget for the development of industrial parks, social housing and mining. She added that the government is borrowing money from China, Qatar, the World Bank as well float of a Eurobond to give it the opportunity to quickly provide critical infrastructure that is required for businesses to grown and stabilize.

**Closing**

In his closing remarks, Ambassador Arrion noted that financing institutions and the EU were committed to the full development of the energy sector but appealed to the government to fix the few identified problems around investments. He also asked the government to find ways of mitigating the impact of smuggling on the textile value chain. He said that Nigeria's opportunities for economic growth would be seized faster if the Nigerian government signed the EPA. He announced that the EU will finance research, as well as technical support to the tune of €15 million, towards the construction of a regional highway from Lagos to Abidjan. Arrion aired his belief that the regional highway will speed up transit times for freight and reduce the prices of consumer goods movement within the sub-region adding that it would also provide the vital links to some very vibrant sea ports for all the landlocked countries in the region, including Burkina Faso, Mali and Niger Republic.