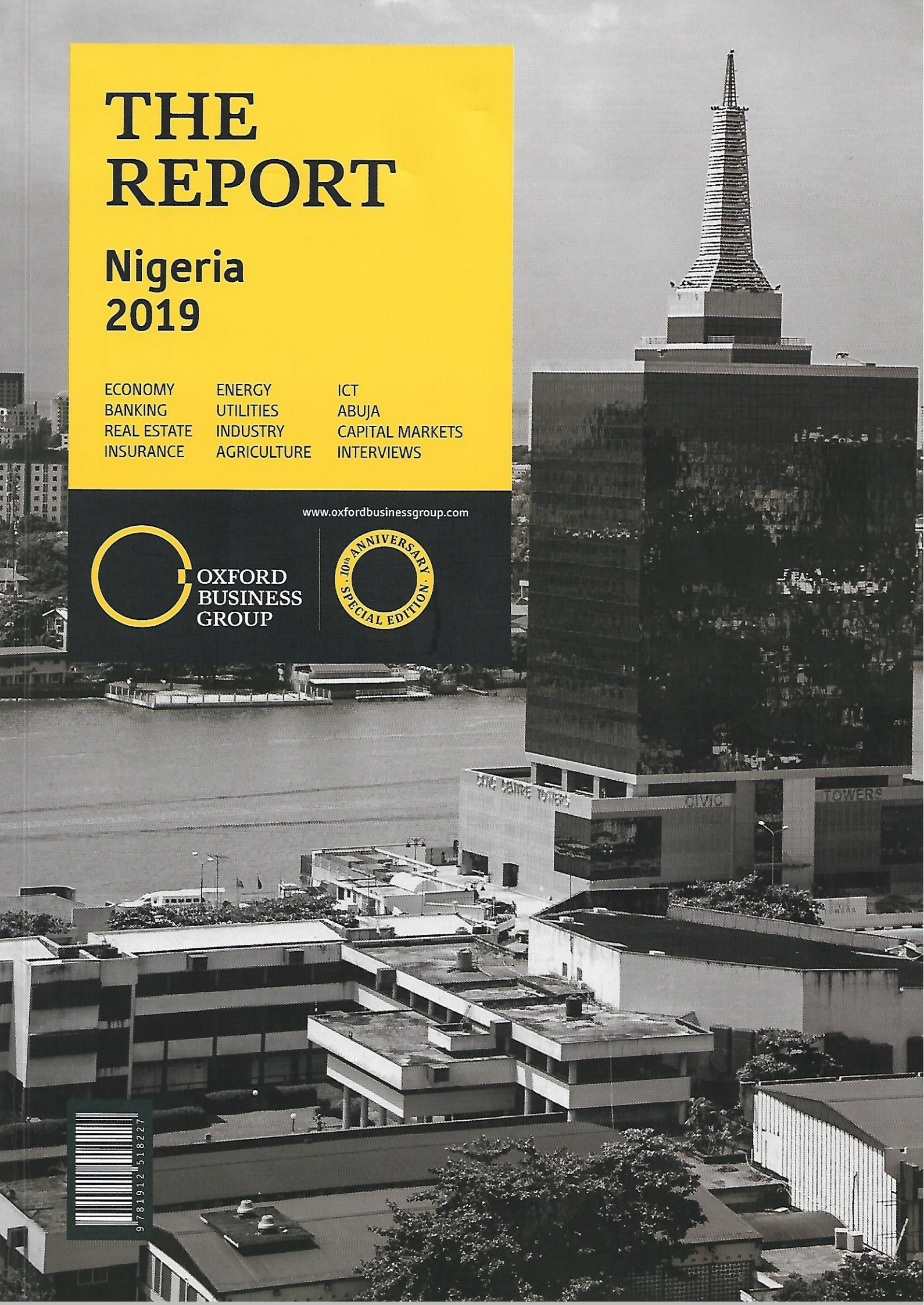


THE REPORT

Nigeria 2019

ECONOMY	ENERGY	ICT
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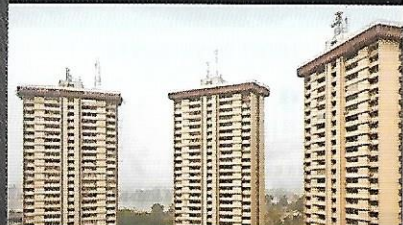
Country Profile

Nigeria maintains a key role in international affairs

Continental cooperation and unity a major policy goal

Political parties gear up for elections in February 2019

Domestic economic recovery to have regional benefits





The capital city Abuja has 3.6m inhabitants and was built in the 1980s

Increasing influence

The continent's largest economy looks to build on a foundation of youth and diversity

The most populous country in Africa and blessed with abundant natural resources, Nigeria is the continent's largest economy by GDP. Combining oil and gas wealth with the entrepreneurial efforts of its predominantly young population, Nigeria has developed a business-friendly environment over two decades of civilian rule and in the nearly 60 years since independence. These achievements are all the more impressive given the stresses and strains imposed on this vast country by regional, religious and political tensions. Yet the challenges of economic inclusivity and ensuring wider equality remain, as around one-half of Nigerians continue to live below the income poverty line.

However, Africa's economic powerhouse has many strings to its bow, with its diversity and resilience also constituting sound foundations for further economic growth and political stability. The country has become a key nation in the wider continent, as well as beyond, and is increasingly making its presence felt in international assemblies and events.

GEOGRAPHY: Covering 923,768 sq km – or the area of France and Italy combined – Nigeria borders four other countries, a sea and a giant lake. The Niger River runs through the country from the north-west and is West Africa's principal waterway. This joins the Benue River, flowing in from the east, at Lokoja in central Nigeria, eventually fanning out into the Bight of Benin and the Gulf of Guinea through one of the world's largest deltas. These rivers form two major valleys, with a large expanse of plains and plateau to the north, up to the borders with Niger and Chad – at the lake of the same name.

To the south of the country, mountain ranges emerge through tropical forest, with the Benue hills running east to the border with Cameroon, while highlands stretch west to Benin. The capital Abuja was built in the 1980s and has an estimated population of 3.6m, according to the National Bureau

of Statistics (NBS). It is situated to the north of the two main rivers, and is around 540 km north-east of Lagos, Nigeria's maritime and commercial centre and largest city. The capital of Rivers State, Port Harcourt, a linchpin of the energy sector, sits on the Bonny River, approximately 470 km south of Abuja.

CLIMATE: Nigeria has four distinct climate zones, with two seasons: rainy and dry. In the south, however, these two are not so distinct, with a tropical monsoon climate. The South Atlantic brings warm and humid weather to coastal areas, with temperatures in the low 30°C range most of the year. Inland, the wet season runs from April to October and the dry season from November to March. The high rains of the coast bring around 180-430 cm per year, moving from east to west and petering out inland.

The north of the country is largely savannah and sparsely vegetated, experiencing a dry desert harmattan wind from the north-east. Indeed, the north is largely savannah country, south of the deserts of northern Africa and sparsely vegetated. Travelling south the terrain shifts to rainforests and then develops into swamp forest along the coast.

HISTORY: While archaeologists have uncovered evidence of human settlements dating back over 2000 years, historical records largely begin in the 11th century with the creation of a number of city states on the coast. In the north, society was orientated towards North Africa and western Sudan due to its trade routes and cultural affinities. Islam was thus well established in the north by the 15th century, with Kano an important centre.

Around this time the Portuguese arrived on the coast, beginning a rivalry for control of trade between European powers, along with the development of the slave trade to the Americas. In the 19th century, a sheikh, Uthman dan Fodio, established ethnic Fulani rule over much of the northern territory. Britain abolished the slave trade in 1807 and,



Nigeria is ethnically diverse, with more than 250 different ethnic groups and 300 different languages

after discovering the mouth of the Niger River in 1830, began increasing its influence over the coast. In 1861 the island of Lagos was annexed from its Yoruba rulers, with a push inland resulting in the Niger Coast Protectorate in 1894 and, following a military expedition, the Protectorate of Northern Nigeria in 1900. In 1914 all the British possessions were then amalgamated into the Colony and Protectorate of Nigeria. Pressure for independence grew, particularly after the Second World War, in which many Nigerians fought for the British in Europe, North Africa and East Asia.

In 1954 a federal constitution was established, with self governance rolled out region-by-region over the following years. On October 1, 1960 this process culminated in full independence and a process of decolonisation, beginning with the confederation of northern, western and eastern districts. **POST-INDEPENDENCE:** On October 1, 1963 Nigeria declared itself a federal republic and Nnamdi Azikiwe, a key figure in the independence movement, became Nigeria's first president. However, by then the country had entered a period of relative instability, and although the military was taking a bigger role in politics, it was itself riven between northern, eastern and southern factions. Coups and counter-coups in 1966 led to the dissolution of the legislature, the start of military rule and the accession to power of General Yakubu Gowon.

The country also endured a secessionist war between July 1967 and January 1970, when the Eastern Region declared itself the Independent Republic of Biafra, climaxing in a violently suppressed conflict. In part as a result of this, a series of constitutional amendments between 1966 and 1999 expanded the number of federal states from three to the current 36. Gowon was then overthrown in a military coup in July 1975 led by Brigadier Murtala Ramat Muhammed, who was assassinated a year later. His

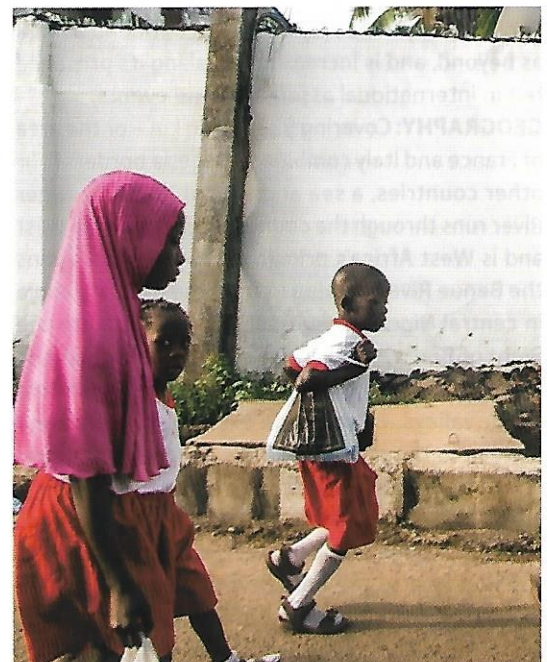
former chief of staff, Olusegun Obasanjo, replaced him, heralding a brief period of reform. Elections took place in 1979 and 1983, with Alhaji Shehu Shagari becoming president on both occasions, only to be ousted by another military coup in 1983.

A coup in 1985, as a result of more instability, brought Major General Ibrahim Badamasi Babangida to power. His rule was marked by a period of clashes between Muslim and Christians in 1991 and 1992. Elections held between parties sanctioned by Babangida led to further repression, resulting in his resignation in 1993. General Sani Abacha became the new military ruler, with opposition coalescing around Chief Abiola. In 1998 both died from heart attacks. Abacha's successor, General Abdulsalami Abubakar, led a return to civilian rule, with elections held in 1999 and Obasanjo returning to win the presidency. Since then, under the Fourth Republic, Nigeria has continued under civilian rule.

LANGUAGE & CULTURE: Nigeria is ethnically diverse, with over 250 different ethnic groups and 300 different languages. While English serves as the official language, 40% of the population in the north speak Hausa. In the south, Yoruba is more commonly used, and in the east, Igbo. Other important languages include Fulfulde, Kanuri, Ijaw and Ibibio.

These linguistic divisions reflect the country's main ethnic groups, with four of these being predominantly represented. The Hausa and Fulani, largely in the north, account for some 28% of the population, while the Yoruba, in the south-west, make up roughly 21%. The fourth-largest group is the Igbo, representing around 18% of the population, and mainly in the south-east of the country. Other groups include the Kanuri, Ibibio and Tiv.

RELIGION: These ethnicities and linguistic groups are also reflected in religious affiliation. The Hausa and Fulani are predominantly Muslim, while the Yoruba and Igbo are largely Christian. There are,



The population is a youthful one, with 60% of its citizens under 25



Lagos' urban area may become one of the world's largest metropolises by 2100 with some 88.3m people

however, significant numbers of Muslim Yoruba, along with those who practise traditional native beliefs. Traditional practices are also evident in both Christian and Muslim worship in Nigeria. The vast majority of Nigeria's Muslims are Sunni, with the largest Christian denomination being Catholicism.

POPULATION & DEMOGRAPHICS: Following independence, when the population was estimated at around 45.2m, there was a major population boom, and at the last full census in 2012 the figure stood at around 166.2m. By 2016 the NBS put the total at 193.4m, with the most heavily populated states being Kano, with 13.1m, Lagos (12.5m), Oyo (7.84m), Katsina (7.83m) and Rivers (7.3m). Lagos is set to become one of the world's largest metropolises. By 2100 it is projected to have an urban area with some 88.3m people, with forecast models ranging between 61m and 100m, according to a September 2016 article, "Population predictions for the world's largest cities in the 21st century", published by the University of Ontario Institute of Technology.

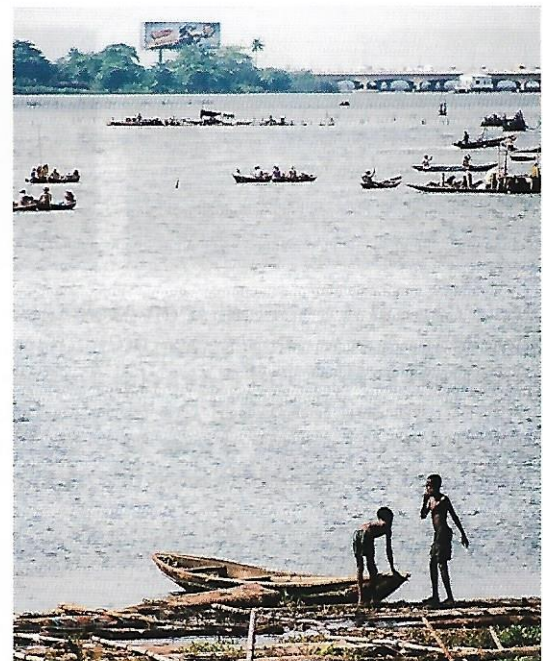
The overall profile of the country is a youthful one: some 60% of citizens are under 25 years of age; an additional 15% are between 25 and 29; while 16% are under the age of four, signalling that the population is likely to keep expanding at a fast rate for some time to come, set to reach 300m by 2030 and 400m by 2050 (see Health & Education chapter). Still, the life expectancy for Nigerians, according to the UN Development Programme, remains low at 52.9 years. Since 1969, when gender parity was 50/50, the female population has fell to an historical low of 49.3% in 2017, according to the World Bank. The total fertility rate, measured in births per woman, dropped from 6.16 in 1998 to 5.53 in 2016.

NATURAL RESOURCES: Nigeria has some of the largest proved oil reserves in Africa, totalling some 37.5bn barrels at the end of 2017, a figure unchanged from the previous year (see Energy chapter). With

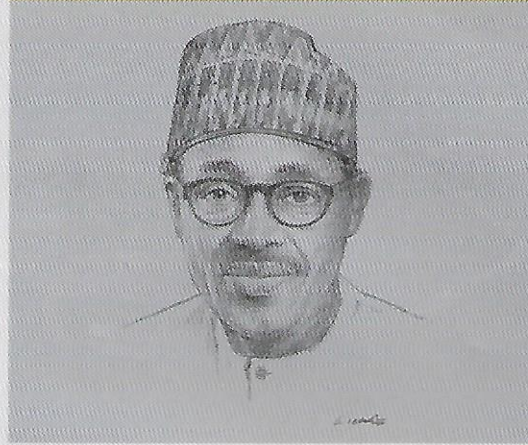
an oil reserves-to-production ratio of 51.6 years, Nigeria is not expected to run out of the resource until 2070. It has been a member of the Organisation of the Petroleum Exporting Countries (OPEC) bloc since 1971 with the production of Bonny Light, a light sweet crude contributing to the OPEC basket price. Nigeria has been Africa's largest oil producer for more than a decade, adding 1.99m barrels to the world market in 2017, a 4.5% increase from 2016, according to the June 2018 "BP Statistical Review of World Energy". Since 2010, however, production has fallen 21.5%, despite consistently making up around one-quarter of Africa's total production. Proved natural gas reserves at the end of 2017 totalled 183.7trn standard cu feet, the largest in Africa.

The mining sector includes deposits of tin, iron ore, clay, shale and topaz. In addition, the country is home to a rich agricultural sector, with major exports including rubber, cocoa, peanuts and palm oil. Tropical woods and fisheries are also major employers and revenue earners.

ECONOMY: Nigeria saw double-digit GDP growth during the first decade of the 21st century, peaking at 14.6% in 2002 and closing out the decade with 11.3% growth in 2010. The country's GDP in 2018 was estimated at \$397.5bn, an increase from \$376.4bn in 2017, outstripping the continent's other economic giant, South Africa, for the seventh consecutive year (see Economy chapter). However, GDP has declined since 2014 as global oil and gas prices have remained relatively low, despite a slight uptick in 2018. After a 1.6% retraction of GDP growth in 2016, a return to positive territory of 0.8% followed in 2017, with GDP growth estimated in 2018 at 1.9%, according to the IMF's "World Economic Outlook", published in October 2018. Further increases in GDP growth are forecast for the subsequent five years between 2019 and 2023, when GDP growth is expected to be 2.3%, 2.5%, 2.6%, 2.4% and 2.4%, respectively.



Nigeria has four distinct climate zones, with a rainy and dry season



Muhammadu Buhari

Thriving state

President Muhammadu Buhari, on plans for the future and the country's recent economic gains

We would do well to reflect on what binds us together and the great strength our diversity bestows on us. Ours is an ambitious nation, and as citizens we have every right to look forward to the future with well-founded confidence and optimism, considering where we find ourselves today. There has been a steady improvement in the security situation in the north-east, and we remain committed to ending the crisis as soon as possible and to making the north-east safe for all. The police and other security and law enforcement agencies have been working under the most difficult conditions to keep the country safe. We will now continue to empower them by deepening their professionalism and providing all the necessary force multipliers and enablers required in order for them to prevail in the field.

We are diversifying away from a reliance on oil to increased manufacturing capacity, solid minerals development and agriculture. Efforts are on course in the Niger Delta to clean up polluted land, restore the hopes of youths in the region, re-establish livelihoods, and strengthen their capacity to guarantee a brighter future for themselves and for our country.

Nigeria is one of the countries in the world most affected by environmental degradation, as a consequence of climate change. We are signatories to almost all conventions and agreements aimed at slowing down the effect of climate change and mitigating its now evident consequences. The impact of the shrinking of Lake Chad on lives and livelihoods, and the pollution caused by oil exploitation activities alone, make it imperative for us to be at the forefront of the struggle for a safer and more sustainable environment. We will continue to mobilise international support for our efforts in this regard. Progress is being made in the fight against corruption and the recovery of stolen public funds and assets, despite vicious and stiff resistance. The shameful past practice of the brazen theft of billions of naira is no more. Shady deals and public contracts that were never delivered have become things of the past.

Consequently, and this is very evident across the country, we have done more with less in infrastructural developments. We have dealt with roads, railways, major bridges, schools, energy and power, air and seaports, and the welfare of both civilian and military serving and retired personnel, including the payment of legacy debts such as pension arrears. There is now an enabling environment for local and foreign investment in Nigeria. We are building a rules-based system, a level playing field that is free from fixers and intermediaries. This is the cornerstone to helping genuine investors and honest consumers, and the platform that will allow for the real reforms that we intend to deliver over the coming years. We are gradually strengthening the economy with a stable naira and falling inflation rate. We are building an economy that will move away from an over-reliance on oil. As a result, we have witnessed a massive return to farms and seen a bumper harvest, despite recurrent floods across the country.

Our youth plays a central role in Nigeria's continuing progress and developments in all fields of our national endeavour, including technology, agriculture, mining, engineering and especially the creative arts. Together we are building a more diverse, inclusive and self-reliant economy. We have funded and are currently funding support for schools and universities to upgrade facilities and provide training programmes for entrepreneurs and rehabilitation schemes for victims of terrorism and human trafficking. At the international level, we remain a responsible and respected member of the international community, playing active positive roles within ECOWAS, the African Union and the UN, as well as all other regional and international organisations and institutions of which we are members. We will continue to support initiatives aimed at addressing the challenges of our times. Nigeria is on the right path for future development. All Nigerians work for a united, peaceful, prosperous and secure Nigeria, where all, irrespective of background, can aspire to succeed.



The country's 36 states are divided into 774 local government areas

Looking to the future

Balancing the needs of a diverse population is high on the agenda as the country heads to the polls

Nigeria is a federal republic, consisting of 36 states, plus the Federal Capital Territory. Since gaining independence in 1960 the country has had four republican constitutions.

In February 2019 Nigerians will once again go to the polls to elect a president, National Assembly and leaders across the political sphere, at the federal and state levels. The incumbent head of state Muhammadu Buhari is seeking re-election, alongside a large pool of candidates. Meanwhile, the ruling All Progressives Congress (APC) party will take on the main opposition People's Democratic Party (PDP) and the other 77 candidates will all be hoping to make their mark on the national agenda. This will be the sixth general election to be held since the return of civilian rule in 1999, and there is widespread hope among the populace that the trend of peaceful, free and fair voting will continue, unhampered by security concerns.

CONSTITUTIONAL GOVERNMENT: Nigeria is a federal republic, consisting of 36 states, plus the Federal Capital Territory (FCT). Since independence from the British Empire in 1960 the country has had four republican constitutions. The first ran from 1963-66 and was characterised by a Westminster style of government, although it included the removal of the British monarch as head of state. The First Republic ended in a military coup in 1966, after which constitutional politics was suspended until 1979 and the establishment of the Second Republic. This ran a US-style presidential system, with the National Party of Nigeria winning elections in both 1979 and 1983. In addition, some attempts were made to break from the regional divisions of the First Republic, with parties having to be represented in at least two of the three main areas of the country. A further coup in 1983, however, ushered in another period of military rule.

The Third Republic was founded 10 years later, based on a constitution drawn up by the military regime in 1989. Under it, only two parties were allowed, namely the centre-right National Republican Convention (NRC) and the centre-left Social Democratic Party (SDP). Elections in 1993 saw Moshood Abiola's SDP emerge victorious, but the instability

that followed resulted in the Third Republic never officially beginning work, and giving rise to a further period of military rule. This ended in 1999 with the establishment of the Fourth Republic and a return to civilian governance. The current constitution is largely a return to the US-style presidential system of the Second Republic, with several amendments made in 2011 and again in 2017.

EXECUTIVE BRANCH: The president is directly elected every four years for a maximum of two terms after a two-round ballot. He or she is the head of state, commander-in-chief of the armed forces and head of government. As such, the president appoints and heads the Cabinet, known as the Federal Executive Council. This consists of the heads of all federal ministries, with a convention that each of the 36 states must have at least one person in the Cabinet.

There are currently 24 federal ministries, and certain Cabinet members sometimes have more than one ministry in their portfolio. This means that there are minister of state appointments, as assistants to the heads of ministries, who also sit in Cabinet and ensure all states are represented. The current president, Muhammadu Buhari, is also minister for petroleum resources, while Emmanuel Ibe Kachikwu is minister of state for petroleum resources.

Permanent secretaries from the civil service assist and are directly accountable to ministers, who in turn answer to the president. Ministers must also gain approval for their appointment from the Senate. Parastatals, such as the Nigerian National Petroleum Corporation, the National Broadcasting Commission and the country's universities, also come under the relevant ministry. Others are under the president's remit, among them Economic and Financial Crimes Commission (EFCC) and the Independent National Electoral Commission, which oversees elections. The president has wide powers to appoint judges for the Supreme Court on the recommendation of

The president is elected every four years and is the head of state, commander-in-chief of the armed forces and head of government, as well as appointing and heading the Cabinet.

the National Judicial Council of Nigeria and subject to the Senate's approval of nominees. He or she is also elected on a joint ticket with a vice-president, who sits in the Cabinet and other key government bodies. The current vice-president is Oluyemi Osinbajo.

LEGISLATIVE BRANCH: There is a bicameral legislature comprising a lower chamber, the House of Representatives, and an upper chamber, the Senate. Together, these constitute the National Assembly. The lower chamber consists of 360 members, each elected by a first-past-the-post vote in single-member constituencies. Members serve for four years, with elections held concurrently with those for president. All adults over the age of 18 can vote. The chamber is presided over by the speaker of the House of Representatives, who is elected by members of the chamber. With the Fourth Republic modelled on the US political system, the lower chamber has oversight functions and a network of committees to interrogate government policy and appointments, as well as public officials. It also scrutinises bills and must ordinarily give its approval for a bill to become law, along with the Senate. As part of the National Assembly, the lower chamber may take action to remove a president or vice-president, following a two-thirds majority vote of both houses and after constitutional due process.

The Senate, meanwhile, consists of 109 members, with each of the 36 states electing three, while the FCT elects one. Senators are also elected for four-year terms, with no limit on the number of terms they can run. As with the House of Representatives, members may introduce, debate and vote on bills, although financial bills must originate in the lower chamber. The Senate also has the power of approval over some presidential appointments, and it must give its consent to treaties with foreign states. The chamber is presided over by the president of the Senate, a position currently held by Bukola Saraki of the PDP.

JUDICIARY: Four distinct legal traditions exist within the Nigerian judicial system: English law, common law (which has developed since independence), sharia law and customary law. The court system also consists of two levels: federal and state. At the federal level, the Court of Appeal and Supreme Court are above trial courts, which also exist at the state level. Within each state and the FCT, there are also appeals courts



In 1999 military rule ended and Nigeria returned to civil governance

and sharia and customary law courts. Sharia law is in force across nine Muslim-majority states and in parts of three others with large Muslim populations. There is also a sharia Court of Appeals at the federal level. The National Judicial Council (NJC) exists to protect judicial independence, and it advises the president and National Assembly on judicial appointments.

The Federal Court of Appeal consists of at least 35 justices, a minimum of three of whom must have expertise in sharia law and three in customary law. The Supreme Court, meanwhile, is headed by the chief justice and 13 associate justices, appointed by the president on the advice of the NJC. The current chief justice Walter Samuel Nkanu Onnoghen has occupied that position since he was appointed in 2017.

LOCAL GOVERNMENT: Under the constitution, states share sovereignty with the federal government, giving them important rights. Each state has a unicameral House of Assembly, with the number of members set at three times the number of members the state has within the National Assembly.

The executive authority is the governor, who appoints a state executive council as his or her Cabinet, subject to approval by the state's House

Under the constitution, states share sovereignty with the federal government, giving them important rights. Each state has a unicameral House of Assembly, with the number of members set at three times the number of members the state has in the National Assembly.

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The republic is multi-faceted and complex, but also multi-ethnic, multi-religious and multicultural

of Assembly. State level ministries are headed by commissioners. Members of the House of Assembly and the governor are directly elected for four-year terms, with governors serving a maximum of two terms. The 36 states then break down into a total of 774 local government areas (LGAs). Each has a Local Government Council, consisting of a single elected chairperson and councillors.

The LGAs further subdivide into wards, from which councillors are elected. The local councils have some tax-raising, oversight, registration and licensing roles, along with provision of some public services, such as waste collection and street cleaning. The number of LGAs in a state depends on its size, with the largest being Kano, which has 44.

ELECTIONS: The last national elections were held on March 28 and 29, 2015, with the next scheduled for February 16, 2019. In the presidential ballot, northerner and former military ruler Muhammadu Buhari won with 53.96% of the vote against the incumbent southerner Goodluck Jonathan. A total of 29.4m votes were cast out of an electorate of 67.4m. Buhari ended up winning 15.4m votes, a margin of victory of 2.6m. This was the first time an incumbent had failed to gain re-election in Nigeria's history, with Jonathan conceding defeat soon after the official result was announced. Buhari's victory was attributed to a number of factors, among them accusations of corruption made against Jonathan's government. In the House of Representatives, the APC emerged victorious, which resulted in 225 seats, while the PDP won 125 and 10 went to other parties. The APC repeated its victory in the Senate, although with a smaller majority, winning 60 seats to the PDP's 49. This resulted in the PDP losing control of the Senate. Given that President Buhari is also an APC candidate, this result gave the party majority control of all branches of the federal polity.

Buhari had campaigned on an agenda of reform, and in the years leading up to the ballot he had helped

forge an alliance of opposition groups in the APC capable of taking on the PDP. Issues such as corruption, poverty and unemployment were key, as was the security situation in north-east Nigeria, where jihadist militant group Boko Haram continues to operate. The victory of a northerner was also seen as evidence that voters were beginning to see tackling the aforementioned issues as more important than the religious, ethnic or regional identity of the country's rulers.

SECURITY: One of the main challenges facing the current and any future administration are ongoing disputes between farmers and herders over land and cattle, which have deepened ethnic and religious divisions in some areas of the country. The presence of the Boko Haram in the north-eastern states also continues to be a concern. The army – in conjunction with contingents from other African nations – has, however, achieved some success in reducing this in recent years, with hopes that the states most affected, such as Adamawa, may see a reduction in violence during the election period. The region remains badly affected by the conflict, with some 2m people displaced by the fighting.

Elsewhere, the Niger Delta region saw clashes in the 1990s, beginning with non-violent opposition from the Ogoni people, and instances of armed resistance in the early 2000s led by the Movement for the Emancipation of the Niger Delta. This ended in 2009, when the government made the militants an offer of an amnesty and a cash reward. Since then, the region has witnessed relative peace, although there are periodic armed attacks, although there are pockets of armed attacks on oil installations, along with illegal oil lifting and kidnapping.

CORRUPTION: The president and the EFCC have moved against some officials in recent years, as well as recovered some embezzled funds. Buhari also addressed corruption in his election campaign in 2015, yet a widespread perception of federal and state institutions and authorities as corrupt remains. In its most recent report, "Corruption Perceptions Index 2017", Transparency International ranked Nigeria 148th out of 180 countries surveyed.

OUTLOOK: The perceived success or failure of this drive may well be a factor in the upcoming elections on February 16, 2019, which have dominated the Nigerian agenda for much of 2018. At the same time, among those casting their ballots will be the many Nigerians who have come of age since the return to civilian rule – the so-called "born free" generation. Their outlook may prove critical in shaping the result.

High voter registration and a concerted interest in the political process indicates that Nigerians still see that participatory democracy is an important component of their country's future. Whatever the outcome of the general elections, however, the incoming administration will face some major security and corruption challenges for a republic that is multi-faceted and complex, but also multi-ethnic, multi-religious and multicultural, each citizen with a genuine interest of moving the country forwards.

Citizens who have grown up in the era since civilian rule will prove critical in shaping the result of the 2019 election. The higher voter registration is indicative of a growing interest in national politics.



Patricia Scotland

Mutual benefits

Patricia Scotland, Secretary-General, Commonwealth, on trade, investment, inclusive growth and the value of cooperation

How could trade and investment in Nigeria benefit from Commonwealth ties?

SCOTLAND: Profound changes are taking place in the global trade landscape, including in the technology and governance frameworks that underpin contemporary trade in goods and services. This dynamic environment presents challenges, but also enormous opportunities to expand and deepen trade, investment and innovation among the 53 Commonwealth members.

With a population of over 180m and more than three-fifths of ECOWAS trade, Nigeria is one of the region's better performing economies. In nominal terms, Nigeria's total trade has increased from \$21bn in 1999 to a peak of \$190bn in 2011, reducing thereafter to \$135bn in 2013 and \$99bn in 2015. This shows an annual average growth of nearly 15% in total trade since 2004. Nigeria has consistently sought to improve market access to strengthen trade relations with different regions and countries over the last two and half decades. However, trade remains limited both in terms of products and destination markets.

Businesses can benefit from strengthened trade relations between Nigeria and other Commonwealth countries. English is the major language spoken across the Commonwealth and there are similar business rules and legal practices. We can deepen intra-Commonwealth trade and investment – using these opportunities to empower women and young entrepreneurs – in turn driving economic growth, creating jobs and increasing prosperity. We hope this will help us reach the goals of the UN's 2030 Agenda for Sustainable Development.

What are the main obstacles Nigeria faces in pursuing inclusive and sustainable growth?

SCOTLAND: Growth is said to be inclusive when marginalised or vulnerable communities are able to participate in economic activities that improve their income and enhance their quality of life. In line with the principles of various trade agreements, Nigeria is

gradually dismantling barriers to trade and working to broaden access to international markets.

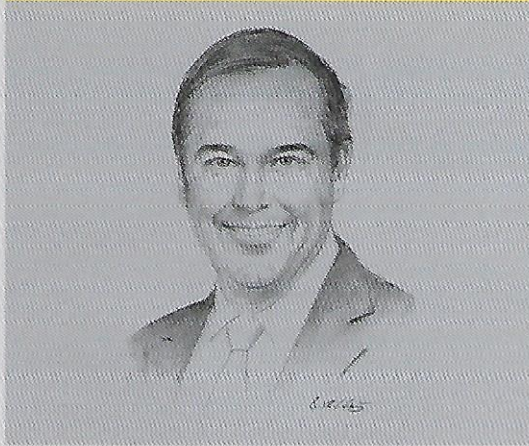
There are, however, a number of challenges facing the economy which impact the progress towards inclusive growth. For example, micro-, small and medium-sized enterprises struggle to find funding. There are also some infrastructural deficiencies, such as inadequate electricity supply, transport systems and logistics.

What are the main areas of collaboration between Nigeria and the Commonwealth Secretariat?

SCOTLAND: There are interesting possibilities for the Commonwealth Secretariat to work more closely alongside Nigeria on the issue of diaspora finance. We could initiate a project that builds on the results of our recently completed diaspora investment survey. Nigeria was one of six Commonwealth countries that participated in the survey, which focused on diaspora communities in the UK and examined their savings and investments in their countries of origin.

Our results show that there appears to be considerable interest in saving and investing in Nigeria. Over half of diaspora members expressed an interest in setting up a business, while two in five said that they would be interested in investing in Nigeria's stock market. In qualitative discussions, interest in entrepreneurship was widespread, and many noted the wealth of opportunities that Nigeria has to offer potential investors. However, those who did not have savings or investments in Nigeria were much more likely to say that they were unsure about their investment preferences. This suggests that there are real opportunities to raise awareness about the potential for investment in the country among the Nigerian diaspora.

With regards to trade, while we have achieved the "Commonwealth Advantage" in the absence of formally coordinated actions, we can posit that where efforts are coordinated among member countries, there is huge potential for closer and improved collaboration.



Ray W Washburne

Inclusive infrastructure

Ray W Washburne, President and CEO, Overseas Private Investment Corporation (OPIC), on the importance of comprehensive infrastructure development in Africa

How can sub-Saharan Africa attract more foreign direct investment (FDI) across all sectors?

WASHBURNE: FDI inflows into Africa are increasing sharply and are playing an important role in fostering economic growth and development in a number of sectors across the continent. While it once accounted for a small share of available capital for projects, there has been a dramatic reversal in recent decades. Both FDI and aid flows to Africa have increased in recent decades, and the continued adoption of reforms and business-friendly policies are key to maintaining these investment flows, which have increased at a much faster pace in recent years. Sub-Saharan Africa, as is the case with other emerging regions, shows strong potential thanks to its solid economic growth, greater connectivity and improved position in global commodity markets. The improving business climate is also crucial as reforms are widely implemented and innovation is spreading through all sectors of society.

How effective are the regulatory frameworks for private-public partnerships (PPPs) across Africa?

WASHBURNE: PPPs are increasingly being recognised as an effective tool not just to finance major infrastructure projects, but also to reduce poverty by supporting grassroots efforts that expand food production and access to education, health care, clean energy and financial services. We have seen a significant improvement in the ranking of a number of African countries in the World Bank's annual ease of doing business index, in particular the criterion that measures regulatory frameworks. Overall, the number of countries in sub-Saharan Africa that are engaged in business regulatory reforms has doubled over the past decade, according to the most recent report. While Africa as a whole remains a more challenging place to do business compared with more developed economies, this gap is narrowing rapidly.

What is needed to support infrastructure development in Africa over the coming years?

WASHBURNE: Infrastructure development requires significant investment in terms of time and financial resources. One of the major needs in Africa is increasing electricity access, and the construction of additional power plants is crucial to achieve this goal. However, these facilities often take years to be fully completed, and the costs often exceed the public sector's financial resources. It is also crucial for government institutions to encourage and facilitate the involvement of the private sector in these projects, as they can be a powerful tool for job creation and sustainable economic growth in all markets. Overall, it is the development of a comprehensive financial framework that will lead to the filling in of infrastructure gaps in sub-Saharan Africa, especially those that are critical to supporting key sectors such as health care, agriculture and energy.

In what ways can more inclusive growth be encouraged on the continent?

WASHBURNE: Firstly, we need to invest in projects in rural communities as they are the most isolated in terms of access to investment tools such as financial services that would allow them to grow their own businesses and also increase agricultural production. At the same time, women should be supported as they play a fundamental role in the economic development of these communities. In addition, better connectivity, such as roads, telecommunications and transport, can lead to inclusive growth by creating jobs, spurring economic activity, and broadening access to markets and key public and private institutions. Today, digital connectivity such as mobile payments and health and education delivery systems are driving inclusive growth by breaking down many of the rigid physical boundaries and barriers that traditionally hindered both inclusive development and sustainable growth.



The country has signed several important international conventions

Global player

Further engagement sought in African and global affairs

Since independence, Nigeria has pursued a foreign policy that seeks to secure the interests of the country and its citizens within the wider African context. This focus has been maintained over the years, despite the changes of government and alignment – and non-alignment – Nigeria has gone through. Thus today, while the country actively supports and is a member of a host of international organisations, it is those concerning the African continent that have occupied its greatest attention.

The years immediately after 1960 also saw Nigeria move out from under the shadow of its former colonial ruler, the UK, to pursue a more independent line, a course which often drew controversy both at home and abroad. During the Cold War, successive governments sought to navigate the realities of competing Western, Soviet and Chinese power blocs over issues such as decolonisation, the short-lived secessionist state of Biafra, apartheid in South Africa and the Angolan civil war. Post-Cold War, Nigeria transitioned into a period of isolation under the Abacha regime. Suspended from the Commonwealth and under international sanctions, Nigeria then faced the task of restoring its international relations as it moved back towards civilian rule in the late 1990s.

GLOBAL BODIES: Nigeria joined the UN in October 1960, and is a member of the Commonwealth, the World Trade Organisation, the G-15, G-24 and G-77, the Organisation of Islamic Cooperation, the Non-Aligned Movement and the Organisation of Petroleum Exporting Countries. It is also a party to the UN Conventions on the Law of the Sea, the Nuclear Test Ban Treaty, the Kyoto Protocol, the Paris Agreement and the Basel Convention, among other international treaties. In addition, the country's Africa-centric policy has also led to membership – and an establishing role – in many regional groupings. In 1963 Nigeria was one of the founding members of the Organisation of African Unity, which later evolved into the present day

African Union. In 1975 Nigeria founded ECOWAS, while also a member of the African Development Bank, the Community of Sahel and Saharan States, the Niger Basin Authority and the Lake Chad Basin Commission.

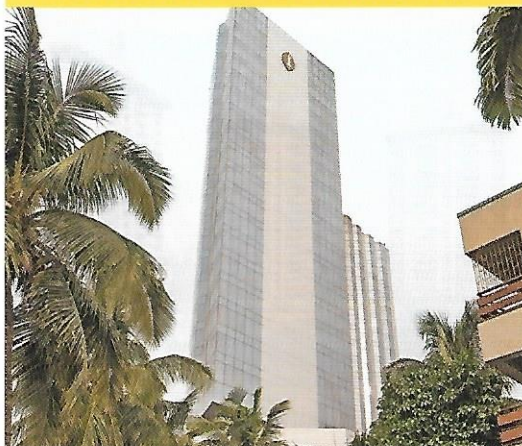
African cooperation and unity have thus been major policy goals for Nigeria, although at times relations with neighbouring states have been under strain. Border disputes with Cameroon over the Bakassi region and further north around Lake Chad were resolved by an International Court of Justice ruling and an agreement between the two countries in 2006; however, the demarcation process has continued for some time. Nigeria has also not hesitated to send military contingents into other African states to restore stability and hold together peace agreements. These interventions have sometimes been under a UN mandate, with missions to the Western Sahara since 1991 and Sierra Leone in 1999. The country also sent Blue Berets to Ethiopia and Eritrea from 2001, the Democratic Republic of Congo in 2000, Liberia in 2003 and Burundi in 2004 as part of African-led UN international support missions. Nigerian troops have also been deployed as far away as Bosnia and Cambodia over the years under UN peacekeeping mandates.

GREATER ENGAGEMENT: Geoffrey Jideofor Kwusike Onyeama, the current minister for foreign affairs, has been in office since 2015, and now faces the challenge of further engaging Nigeria in both African and global affairs, while also bringing foreign investment and support into the country. Visits by several heads of government in 2018, including the French president, the UK prime minister and the German chancellor, have helped reinforce the country's global standing.

In addition, the rising power and influence of China, Japan and India in the continent could present major opportunities for further growth in Nigeria, as well as challenges to established foreign policy orientations. Nigeria is likely to be crucial to intra-regional trade and key to an ongoing search for African answers.

Nigeria has taken part in UN missions in the Western Sahara in 1991 and Sierra Leone in 1999, and has sent UN troops to Ethiopia, Eritrea, and other nations in Africa and beyond.

In 1975 Nigeria founded ECOWAS, and the country is also a member of several global organisations including the UN, World Trade Organisation and the Non-Aligned Movement.



Several European leaders visited Africa in 2018 looking to foster ties

Sea change

Growing international interest stands to benefit the continent by boosting both investment and skills development

With world trade in the midst of a turbulent period, many countries are seeking to foster new relations with Africa. Between early July and the end of August 2018, France's President Emmanuel Macron, Germany's Chancellor Angela Merkel and the UK's Prime Minister Theresa May all made visits to the continent.

This followed on from the recent signing of Africa's Continental Free Trade Area (CFTA), an agreement that unites over 40 African nations, bringing the promise of more consolidated commercial ties and the potential for trade volumes to rise by 50% by 2023 (see analysis). According to the International Finance Corporation, sub-Saharan Africa alone is home to an economy that is expected to grow from \$1.6trn in 2017 to \$2trn by 2020, Africa's prospects – despite the challenges – remain bright. This heightened interest among major global economies in building relations could help drive investment and development across the continent.

EUROPE & CHINA: President Macron has been particularly active in reinvigorating Franco-African relations, visiting the continent in July 2018 for the ninth time since being elected in May 2017. Moreover, France is increasingly showing interest in African countries outside the French-speaking world, with Macron's last visit to the continent including Nigeria.

In late August 2018, as part of efforts to reboot trade relations for a post-Brexit UK, Prime Minister May made an official visit to Africa, the first time a UK prime minister had done so in over five years. Her trip took in visits to South Africa, Kenya and Nigeria, countries that she referred to as "key partners".

Meanwhile, over recent years countries such as Turkey, India and, in particular, China have become more prominent in supporting Africa's economic development goals. According to the UN Conference on Trade and Development, China's investments in Africa have grown from £13bn in 2010 to £35bn in 2018. The majority of this is channelled into construction and infrastructure, with the Mombasa-Nairobi and Addis

Ababa-Djibouti railways among recent flagship projects. In the first week of September 2018 the Chinese government hosted the Forum on China-Africa Cooperation in Beijing, during which it announced a new range of funding for the continent.

NEW FORMS: While European interest in Africa is nothing new, what appears to be changing is the way collaboration is taking shape. Perceptions of Africa are changing and coming to acknowledge the riches the continent boasts, in terms not only of natural but also human resources. Thus, while China continues to invest primarily in road, bridge and port construction, Europe is considering other modes of financial partnership.

The UK, for instance, is betting on new technologies and finance, looking to capitalise on its own experience and dovetail it with Africa's rapid uptake of ICT solutions (for example, sub-Saharan Africa had an estimated 444m mobile phone subscribers in 2017, according to GSMA Intelligence). Aiming to capitalise on this, the UK's Financial Conduct Authority recently entered into an agreement with the Central Bank of Nigeria to help develop the country's regulatory framework for emerging financial technologies.

Another potential area for foreign collaboration is improving governance and transparency to enhance the investment climate. The Business Barometer: OBG in Africa CEO Survey reveals that 48% of participants view existing tax frameworks as uncompetitive or very uncompetitive on a global scale, while 36% rate the level of transparency for conducting business as low or very low relative to the region. The continent could benefit hugely from foreign expertise in this regard. Africa may still have significant obstacles to overcome, but the skill set of its expanding pool of talented and determined young people is ripe for development. With 60% of Africa's population under the age of 24, partnering with world players will help it to tap into the potential of this large, underexploited workforce and pave the way for greater prosperity on the continent.

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Chinese investment in Africa grew to

£35bn

by 2018



The continent's combined GDP is projected to expand by 3.5% in 2018

Better connected

Africa's Continental Free Trade Area (CFTA) is set to enhance regional interconnectivity

The CFTA's primary purpose is to promote intra-African trade and accelerate regional integration, but other effects could include better market access, job creation and increased investment.

In February 2018, 44 African nations gathered in Kigali, Rwanda to sign an agreement establishing a framework for the CFTA, the largest free trade area to be created since the World Trade Organisation in 1995. The deal aims to establish a single continental market for goods and services, allowing the free movement of businesspeople and investment across Africa.

According to the UN Economic Commission for Africa, the CFTA has the potential to boost trade volumes by 50% through to 2023. Its primary purpose is to promote intra-African trade and accelerate regional integration, but potential spillover effects include better market access, aligned trade regimes, job creation and increased investment.

Importantly, the deal could lead the way for economic diversification and structural transformation as markets shift trade away from traditional commodities and move towards developing a robust and modern industrial base, boosting added value and creating new avenues for wealth generation.

MIXED VIEWS: Opinions vary about the future success of the CFTA. Some see it as a crucial move towards fostering regional economic integration, while others deem African markets unprepared for heightened levels of competition. The deal certainly comes at an interesting time, as some of the world's largest and most developed economies look to disengage from similar blocs and adopt a more protectionist stance. But, unlike those countries, Africa lacks many of the fundamentals that led to market expansion in the first place. The continent remains plagued by a number of tariff and non-tariff barriers, from poor infrastructure and transportation networks, to excessive red tape and widespread corruption.

In 2018 the African Union revealed that, as a result, intra-African trade accounted for a mere 16% of the continent's total trade volumes, falling behind Asia and Latin America, where regional trade accounts for 51% and 19%, respectively. It is worth noting, however,

that this does not mean Africa has performed poorly. The continent has experienced significant economic expansion since the turn of the century, driven primarily by the burgeoning tertiary sector, with sub-Saharan Africa's economy growing from \$300bn in 2000 to \$1.6trn in 2017, according to figures from the International Finance Corporation.

One of the main reasons that some doubt the CFTA will prove successful is that, as it currently stands, one of the region's largest economies is notable by its absence. While the deal was initially intended to bring together all of the continent's nations, Nigeria has opted not to sign up for the time being.

After a period of sluggish growth, the country is only just emerging from a recession, with the economy expected to expand by 1.9% in 2018, according to the IMF, mainly thanks to an uptick in oil production. The country's absence signals its desire to protect local manufacturers from threats that may stem from increased external competition, especially as Nigeria's expanding domestic market and renewed momentum in the broader economy is proving to be a draw for major manufacturers of fast-moving consumer goods.

TRADE PROSPECTS: The expected economic recovery of Nigeria and South Africa, combined with rising external demand and an increase in commodity prices, should see Africa's GDP grow by 3.5% in 2018, according to UN estimates. Nevertheless, there are challenges that stand in the way of economic prosperity for the continent. Perhaps one of the most pressing is the lack of infrastructure. According to the African Development Bank, Africa's needs in terms of infrastructure development are between \$130bn and \$170bn.

While this is likely to be one of the hindrances brought into the spotlight by the CFTA, the deal can also be seen as a collective acknowledgment on the part of the signatories that this issue needs to be tackled head on, attracting much-needed capital to bridge the continent's infrastructure gap in the process.

CFTA trade volumes could rise by

50%

through to 2023

Global Perspective

Global village

Medium-term prospects suggest globalisation is set to continue for the foreseeable future

Decades of growth in trade and foreign investment have seen global economies become more interconnected than ever before. This trend has been reinforced by the steady liberalisation of international trade and investment, at the bilateral, plurilateral and multilateral levels. National economic specialisations, and regional economic and political integration, have broadly proceeded in a single direction since the 1980s. On aggregate, emerging markets have become the main drivers of growth around the world.

LIMITATIONS: Despite the apparent success of trade and investment liberalisation, multilateral negotiations aiming for further openness have had limited success in the 21st century. Launched in late 2001, the Doha Round of talks at the World Trade Organisation (WTO) finally ended in 2015 due to lack of sufficient progress.

In the intervening years trade negotiators had in any case shifted focus to bilateral and plurilateral deals, while efforts at the multilateral level targeted more limited goals, such as the trade facilitation package agreed by the WTO in 2013, and the phasing out of agriculture subsidies agreed in 2015. Fisheries subsidies and e-commerce were front and centre when the WTO last met at the ministerial level in Buenos Aires between December 10 and 13, 2017.

Meanwhile, a subset of 46 WTO member states began working towards an Environmental Goods Agreement (EGA) in 2014. A smaller group of 23 WTO members has been negotiating a Trade in Services Agreement (TiSA) since early 2013. Although talks on both the EGA and the TiSA stalled in late 2016, there are hopes in a new-found political impetus arising from the December 2017 WTO ministerial conference.

POLITICAL FALLOUT: Globalisation has always had its critics, but the global financial crisis of 2007-08 and the widespread political backlash in advanced economies has caused many to call its central tenets into question. While there were many factors behind the election of Donald Trump as president of the US,

economic discontent among swathes of the population was among them, and explains the success of his protectionist rhetoric. Immediately upon inauguration, President Trump announced the US would no longer participate in efforts to finalise the Trans-Pacific Partnership (TPP) with 11 other countries in the Pacific basin. Although negotiations on the Transatlantic Trade and Investment Partnership between the US and the EU had not advanced to the same extent as the TPP by the time President Trump entered office in early 2017, prospects for a deal remain weak. Negotiations are ongoing on the two-decade-old North American Free Trade Agreement (NAFTA) between the US and its neighbours Canada and Mexico, with success by early 2018 far from guaranteed.

In Europe, it can be said that such discontent has fuelled both the rise of radical, right-wing political groups across the continent, as well as the UK's Brexit vote in 2016. Centrifugal forces have also manifested themselves in the drive for independence in Catalonia, and similar movements in the north of Italy and elsewhere. While both the UK and Catalan political class have professed commitment to free trade and open investment regimes, these situations should be seen as de facto protectionist, as both mean leaving the world's largest free trade zone.

An observed gradual deglobalisation phenomenon is not entirely confined to the most advanced economies. Established in 1981, the Gulf Cooperation Council (GCC) consists of six Middle Eastern nations. The GCC Customs Union had been fully operational since early 2015, with further efforts under way to integrate the region's common market; however, this process was affected in June 2017, following the imposition of an economic embargo on Qatar, and the cutting of diplomatic relations by the UAE, Saudi Arabia, Bahrain and Egypt.

The South American trade bloc, Mercosur, which has existed since 1991, and counts among its members Argentina, Brazil, Paraguay and Uruguay, has seen

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Despite the apparent success of trade and investment liberalisation, multilateral negotiations have had limited success in the 21st century, and trade negotiators have shifted focus towards bilateral and plurilateral deals.

A slowdown, or even a reversal, in liberalisation may be an issue for some emerging markets, with negative implications for their further integration into global value chains.

internal discord of a similar nature. Due to its mounting political and diplomatic issues, Venezuela's membership was temporarily suspended on December 1, 2016, and suspended on an indefinite basis several months later.

Perhaps more importantly, emerging economies are, in general, characterised by far greater trade tariffs and investment restrictions than their advanced economy counterparts. A slowdown, or even a reversal, in liberalisation may thus be even more of an issue for some emerging markets, with negative implications for their further integration into global value chains.

CAUSE FOR OPTIMISM: Even if the media is dominated by high-profile threats to free trade and open investment regimes, there have been some positive developments. Despite the challenges to NAFTA, key business players in Mexico retain a pragmatic approach. Nuno Matos, CEO of HSBC México, told OBG, "Undoubtedly, NAFTA will bring about a marked increase in market volatility over the course of 2018." That being said, Mexico's medium- to long-term economic prospects are remarkably positive. According to Matos, the global shift towards protectionism affects countries like Mexico, but there is still hope from other regions. "With increased capital flows from Asia, Mexico is not short of other trade partners that have growth rates far superior to those of the US," he added.

Indeed, during the Asia-Pacific Economic Cooperation (APEC) leaders' summit in Da Nang, Vietnam in November 2017, the other 11 parties to the TPP resurrected the pact as the Comprehensive and Progressive Agreement for TPP (CPTPP), signalling their intention to proceed without the US.

In the context of the APEC talks, Vietnam's deputy minister of foreign affairs, Bui Thanh Son, told OBG, "Efforts must be made to enhance greater regional integration and connectivity. As global trade is losing its momentum, revitalising trade and investment is crucial to regional economic growth and the achievement of the Bogor Goals [a set of targeted goals for achieving free and open trade in the Asia-Pacific region] by 2020."

In parallel to the CPTPP, the 10 member countries of the Association of South-east Asian Nations (ASEAN), in addition to the six countries with which ASEAN already has free-trade agreements (FTAs) – Australia, China, India, Japan, South Korea and New Zealand – have been pursuing the Regional Comprehensive Economic Partnership since 2012, and there is growing confidence that an agreement can be reached in 2018.

On September 21, 2017, after many years of negotiation and a long chain of discussions, the Comprehensive Economic and Trade Agreement (CETA) between Canada and the EU entered into force provisionally, pending its final ratification by national and regional legislatures. In some respects CETA represents the first in a new generation of plurilateral agreements, with a new investor-state dispute settlement mechanism. EU authorities have signalled that this could serve as a model for the EU-UK relationship after Brexit. Ongoing EU trade talks include those with Japan, with negotiations being finalised in December 2017; the seventh round of talks with Mexico on a new and reformed FTA

in late December 2017; and bilateral negotiations with ASEAN members in various stages.

REGIONAL INTEGRATION: Other regions have continued their own integration efforts. In 2011 Chile, Colombia, Mexico and Peru launched the Pacific Alliance. Some 92% of goods can already be exchanged tariff free between the member states, with work under way to eliminate the remaining tariffs. In late 2017 the four members of the alliance moved forward with plans to upgrade the status of four of its observer countries – Australia, Canada, New Zealand and Singapore – to that of associate members, which should facilitate efforts to negotiate trade deals as a bloc going forward.

Economic integration among the 10 members of ASEAN continues. A free trade area since 1992, the ASEAN Economic Community (AEC) was formally established in late 2015, with a blueprint to make the AEC a reality by 2025. In Africa regional integration has a long pedigree, with a large number of regional economic communities recognised by the African Union.

BY THE NUMBERS: Trade growth has been disappointing for most of the decade since the global financial crisis. In 2016, for example, growth in merchandise trade was only 1.3%. The latest estimates from the WTO, however, suggest that merchandise trade growth was likely to have reached 3.6% for 2017 – 1.3 times that of global GDP growth – and that it would moderate slightly to growth of 3.2% in 2018. In the first half of 2017 both exports and imports were up strongly in North America, at 4.9% and 3.9%, respectively; in Europe, at 2.6% and 1.2%, respectively; and, in particular, Asia with exports up by 7.3% and imports up 8.9%. Meanwhile, trade flows were relatively flat in South America, with exports down 0.7% and imports up 1%, while imports were up 0.1% in the Middle East and North Africa region, and up 2.5% in the Commonwealth of Independent States.

Having picked up to their highest level since the global financial crisis in 2015, foreign direct investment (FDI) flows eased slightly in 2016, falling by 2% to \$1.75trn. However, this average masks much steeper declines in developing Asia (-15%) and Latin America and the Caribbean (-14%), while Africa also experienced an above-average decline in inflows of 3%. Globally, the UN Conference on Trade and Development projects modest year-on-year increases, with FDI flows to reach an estimated \$1.85trn in 2018, although this is still below the record levels that were seen in 2007.

After a decade of sub-par performance, global economic growth is picking up. If this translates into broader improvements in living standards, it is possible that the political climate may become more hospitable to liberalisation. Even if the multilateral agenda remains stalled into 2018, progress on bilateral, plurilateral and regional initiatives suggests the most likely direction of future trade is further openness, even if progress is uneven and slower than in recent decades. This is all despite recent instances of trade and investment relationships caught in the crossfire of political dispute. Whether or not the resolution of high-profile cases comes to pass, the bigger picture suggests the march towards globalisation is unlikely to end in the near term.