



REPORT

Business Opportunities in Northern Nigeria

October, 2018

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Background

The main objective of this document is to highlight business and investment opportunities available in Northern Nigeria with a view to exploiting the abundance of land, agricultural, mineral and people resources available in the region. This document covers the three geopolitical zones under Northern Nigeria: North-West, North-East and North-Central.



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Acronyms & Abbreviations

ACGSF	Agricultural Credit Guarantee Scheme Fund
ADR	Alternative Dispute Resolution
AfDB	African Development Bank
AFRI-EXIM Bank	African Export-Import Bank
AGOA	African Growth and Opportunity Act
BDS	Business Development Services
BDSCs	Business Development Support Centres
BDSPs	Business Development Service Providers
BMOs	Business Membership Organisations
BOA	Bank of Agriculture
BOI	Bank of Industry
BSC	Business Support Centre
CAC	Corporate Affairs Commission
CADD	Centre for Automotive Design and Development
CBN	Central Bank of Nigeria
CET	Common External Tariff
CIDA	Canadian International Development Agency
CPC	Consumer Protection Council
CSAD	Centre for Skills Acquisition and Development
DFID	UK Department for International Development
EBS	Enterprise Baseline Survey
ECGF	Export Credit Guarantee Facility
ECOWAS	Economic Community of West African States
EEG	Export Expansion Grant
EPZs	Export Processing Zones
EU	European Union
EVODEF	Entrepreneurship and Vocational Development Fund
FEAP	Family Economic and Advancement Programme
FIF	Foreign Input Facility
FIIRO	Federal Institute for Industrial Research, Oshodi
FIRS	Federal Inland Revenue Service
GDP	Gross Domestic Product
GIZ	German Agency for International Cooperation
ICT	Information, Communication Technology
IDC	Industrial Development Centre
IFC	International Finance Corporation
IFAD	International Fund for Agricultural Development
IPs	Industrial Parks
IT	Information Technology
ITF	Industrial Training Fund
ISRT	Inter-State Road Transit Scheme
JICA	Japan International Corporation Agency
LEEDS	Local Economic Empowerment and Development Strategy
LIF	Local Input Facility
LGS	Loan Guarantee Scheme
LSEs	Large Scale Enterprises
MBOs	Membership Business Organisations
MDAs	Ministries, Departments and Agencies
MDF	Microfinance Development Fund
MDGs	Millennium Development Goals
MEIBS	Manufacturers Export-In-Bond Scheme
MFBS	Microfinance Banks
MSMEDEF	Micro, Small and Medium Enterprises Development Fund
MSMEs	Micro, Small and Medium Enterprises

MTEF	Medium Term Expenditure Framework
NAC	National Automotive Council
NACCIMA	National Association of Chambers of Commerce, Industry, Mines and Agriculture
NACETEM	National Centre for Technology Management
NAFDAC	National Agency for Food and Drug Administration and Control
NAPEP	National Poverty Eradication Programme
NASENI	National Agency for Science and Engineering Infrastructure
NASME	Nigerian Association of Small and Medium Enterprises
NASSI	Nigerian Association of Small-Scale Industrialists
NEPAD	New Partnership for African Development
NBS	National Bureau of Statistics
NCTI	National Council on Trade and Investment
NCOIRF	National Council for the Operationalisation of Innovative Research Findings
NDE	National Directorate of Employment
NEEDS	National Economic Empowerment and Development Strategy
NEPC	Nigerian Export Promotion Council
NERC	Nigerian Electricity Regulatory Commission
NERFUND	National Economic Reconstruction Fund
NEPAD	National Economic Partnership for African Development
NEPZA	Nigeria Export Processing Zones Authority
NESG	Nigerian Economic Summit Group
NEXIMBANK	Nigeria Export-Import Bank
NGO	Non-Governmental Organisation
NIED	National Institute for Entrepreneurship Development
NIEM	Nigerian Institute for Entrepreneurship Management
NIBRI	Nigerian Building Research Institute
NIPC	Nigerian Investment Promotion Commission
NITDA	National Information Technology Development Agency
NMP	Nigerian Microfinance Policy
NOTAP	National Office for Technology Acquisition and Promotion
NPC	National Planning Commission
NUC	Nigerian Universities Commission
PRODA	Project Development Agency
R&D	Research and Development
RMRDC	Raw Materials Research and Development Council
RRF	Rediscounting and Refinancing Facility
SEDA	Small Enterprise Development Agency
SET	Science, Engineering and Technology
SF	Stocking Facility
S & T	Science and Technology
SIRS	State Internal Revenue Service
SMEs	Small and Medium Enterprises
SAP	Structural Adjustment Programme
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
SMEEIS	Small and Medium Enterprises Equity Investment Scheme
SON	Standards Organisation of Nigeria
TAA	Technology Acquisition and Adaptation
TIC	Technology Incubation Centre
TOKTEM	Transfer of Knowledge through Expatriate Nationals
UBE	Universal Basic Education
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations International Children Emergency Fund
UNIDO	United Nations Industrial Development Organisation
USAID	United States Agency for International Development
USEXIM Bank	United States Export-Import Bank

1.0 Introduction

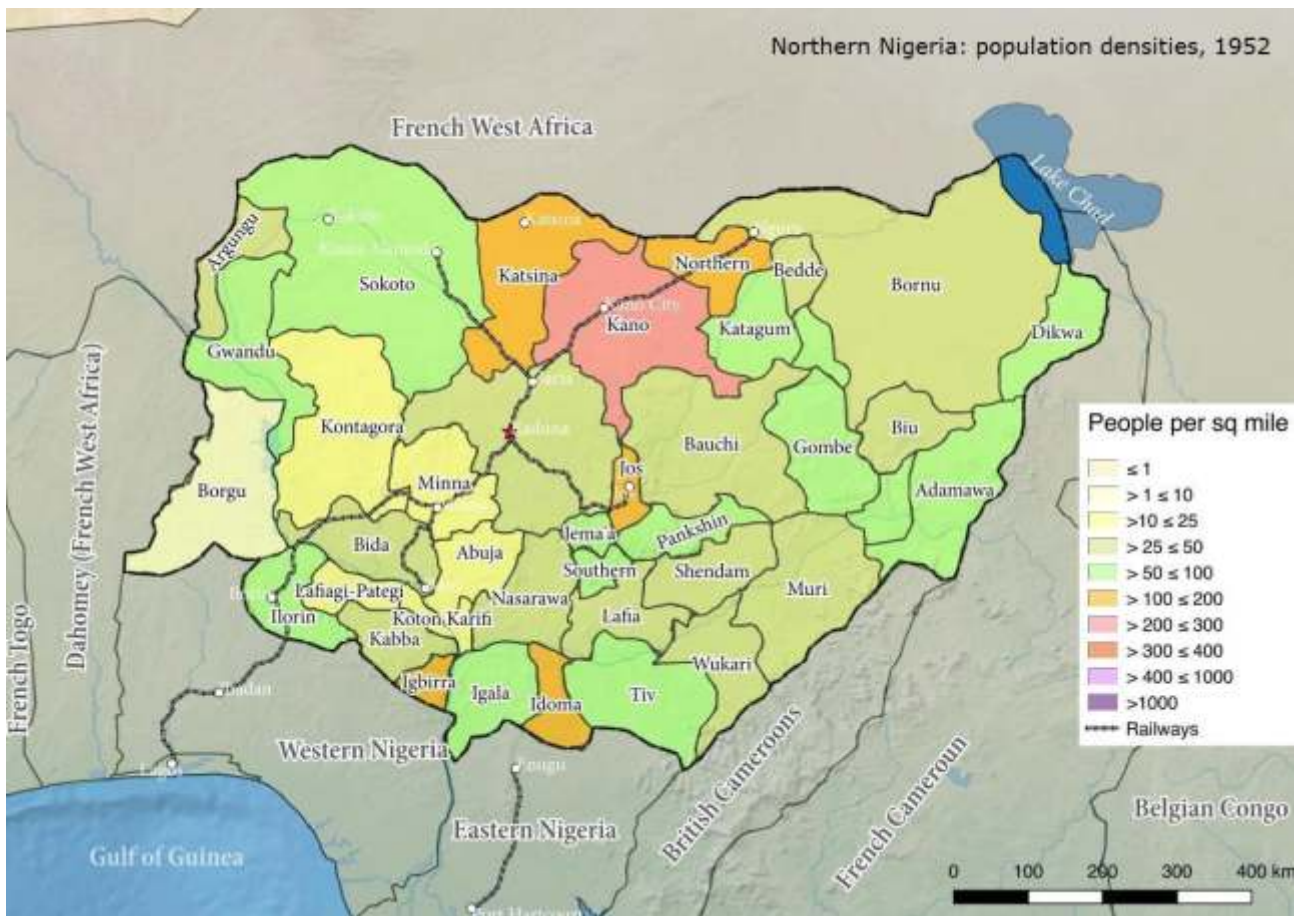


Fig. 1.1 Northern Nigeria

About Northern Nigeria

Northern Nigeria is a political term that is used to describe all states that are located in the northern region of Nigeria. It is located between longitudes 3° and 15° East and Latitudes 9° and 14° North. Northern Nigeria consists of mostly the Savannah vegetation types including Guinea, Sudan and Sahel Savannahs.

Northern Nigeria is made up 19 states with 410 local government areas, and has a land mass that occupies 70 percent of the country which is estimated to be 748,852 square km.

In modern day Nigeria, the history of the northeast can always be traced to the colonial struggle over African territories. some parts of the region, especially

the territories of the former Borno Empire were divided among the British, French and Germans in 1901.¹ When the Germans were defeated in World War II, all their territories were taken over by the United Nations, and northern Cameroons to which the Northeast belongs was given to the British to Administer as a Trust Territory. In fact, German plantations, plantations producing palm oil, cocoa, rubber and bananas were administered by a British official called "The Custodian of Enemy Property."² A plebiscite was to be conducted in 1959 to determine if they wanted to be part of Cameroon or Nigeria.

On the eve of Nigeria's independence, Sir Ahmadu Bello, the then Northern Premier, attempted to weld

¹ Mukhtar Yakubu, 2000. Trade, Merchants and the State in Borno, c. 1893-1939, Rudiger Koppe Verlag Koln, p. 30; McClintock, N. C. 1992. *Kingdoms in the Sand and Sun: An African Path to Independence*, London: Radcliffe Press, p. 40; Hallam, W.K.R., 1977. *The Life and Times of Rabih Fadl Allah*, Devon, p. 279; Alexander, B. 1907. *From the Niger to the Nile*, London, p. 283.

² Brayne-Baker, J. 1986. Talk to the Probus Club, Cullompton, 'The Cameroons'. Rhodes House Library, Oxford (MSS Afr. S. 1926). P. 8



Fig. 1.2 The Northern Knot

together a political community in the northern part of Nigeria to confront other regions for power sharing agreements. First, he inaugurated northernisation policy, which meant the training and hiring only northerners in the region, equitable distribution of resources and budget within the northern region. This policy was heavily criticized not just by southerners but elements within the north too, who felt the Hausa-Fulani stock was being favoured (Nigerian Citizen 1960)³. Second, he identified three key components of the north which he tried to unify under the citizenship concept of "jama'ar arewa."⁴ They were the old provinces known as the Native Authorities (NAs) created under the British Colonial rule,⁵ remnants of the ancient kingdoms of the pre-Jihad and post-Jihad periods with some dating back to the 7th centuries AD⁶. The first of these components was the Sokoto Caliphate, which includes the emirate provinces of Adamawa, Bauchi, Bida, Ilorin, Kano, Katsina, Sokoto and Zaria. The second component was the Borno province and third was the Middle Belt provinces of Kabba, Plateau and Benue.⁷

In practical terms, it was a forceful political marriage between very different and diverse ethnic groups.⁸ It was also seen as the recognition of the dominant Hausa-Fulani culture over minority groups in the north.⁹ The politics of Nigerian civil war forced the then Colonel Yakubu Gowon to make both a strategic and political move in dissolving the colonial constructed three regions of North, East and West of Nigeria into twelve states.¹⁰ This was contained in the States Creation and Transitional Provision Decree No. 14 of 1967. It was a military decree that created six states each in the northern and southern parts of the country respectively.¹¹ The six states in the northern region included, Benue-Plateau state, Kano state, Kwara State, North-central state, North-western state and North-eastern state. Consequently, the north-eastern state became an amalgamation of the Borno province, the Adamawa emirate taken from Sokoto caliphate and the northern Cameroon province initially a German colony.¹²

The Arewa people of Northern Nigeria originate from a very diverse background and speak over 240 languages. The name "Arewa" comes from the Hausa language which means north, often referred to as the North. They are popularly referred to as the "Hausas", with reference to the language spoken by the greater majority of the people of Northern Nigeria.

Hausa is said to have taken over many smaller languages in Northern Nigeria, replacing the mother tongue of smaller tribes thus becoming the dominant language which is now being used with a wider reach for communication. The other major dialects in Northern Nigeria include; Fulani, Kanuri, Tiv, Idoma, Igala, Gwari, Jukun and Ebirá.

The Northern knot is the logo or symbol for Northern Nigeria and it represents the unity and diversity of the people of Arewa. It is interesting to note that the origins of the knot are not clearly chronicled but the knot itself is visible and well represented in all states of the region.

The people of Northern Nigeria are predominantly traders and farmers. They are warm and friendly, eager to listen and be of service to both locals and strangers alike. The major religions in the North are Islam and Christianity.

³ Nigerian Citizen, "Sardauna Defends Northernization", 16 April, 1960.

⁴ Paden John N. 1986, *Ahmadu Bello, Sardauna of Sokoto, Values and Leadership in Nigeria*, London: Hodder and Stoughton, p. 314.

⁵ Yahya A. D. 1983. *The Native Authority System in Northern Nigeria, 1950-70: A Study in Political Relations with Particular Reference to Zaria Native Authority*, Zaria: Ahmadu Bello University Press.

⁶ Muhammad Nur Alkali, Abubakar Kawu Monguno and Ballama Shettima Mustafa, 2012. *Op. Cit.*, p. 4.

⁷ John, Paden N. 1986. *Ahmadu Bello, Sardauna of Sokoto, Values and Leadership in Nigeria*, London: Hodder and Stoughton, p. 313-359

⁸ John, Paden N. 1986. *Op. Cit.*, p. 314.

⁹ George, Amale Kwanashie. 2002. *The Making of Northern Nigeria, 1900-1965*, Kaduna, Nigeria: Arewa House, p. 204.

¹⁰ John, Paden N. 1986. *Op. Cit.*, p. 696. Colonel Gowon is a Christian from Central Nigeria and belongs to one of the minority tribes perceived to be dominated by the Hausa Fulani in northern Nigeria. His emergence onto the political scene was a strategic counter balance to the sense of injustice felt by minorities in northern Nigeria at that time.

¹¹ Kirk-Greene, A. H. M. 1971. *Crisis and Conflict in Nigeria: A Documentary Source Book 1966-1970*, Vol. 1, London: OUP

¹² John, Paden N. 1986. *Op. Cit.*, p. 352.

Political Economy of Northern Nigeria

The North is divided into 3 geopolitical zones, namely the North-West (NW), North-Central (NC) and the North-East (NE). The zones were created during the regime of Former Military Head of State General Ibrahim Badamasi Babangida, who divided the country into six geopolitical zones. The notion behind this social construct was to merge states with similar culture, history and ethnic groups. This further paved way for the allocation of resources usually shared across the six zones of which the North has three.

According to the 2016 population projections by the National Population Commission, the Northern region of Nigeria has a population of about 104 million inhabitants, which comes to about 54 percent of Nigeria's population.

Northwest

The northwest is made up of Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto and Zamfara. The land mass in the region is about 216,065 square kilometers and it has a population of about 49 million inhabitants. This leaves a big opportunity for farming activities. Farming and other agro-allied activity accounts for up to 60% of the employment for the people of this region. There is a predominance of small holder farmers, most of whom have little or no education. This lack of education has greatly hindered their use of improved farm inputs, practices and technology.

STATE (NW)	POPULATION (NPC, 2016)
Jigawa	5,828,163
Kaduna	8,252,366
Kano	13,076,892
Katsina	7,831,319
Kebbi	4,440,050
Sokoto	4,998,090
Zamfara	4,515,427
TOTAL	48,942,307

Source: NBS Demographics Statistics Bulletin 2017

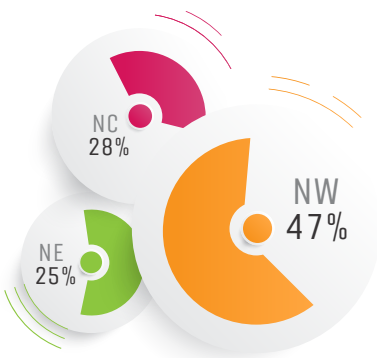
Northeast

Savannah Sugar and Highland Tea are produced in the North east where, Adamawa, Bauchi, Borno, Gombe, Taraba and Yobe are found. The Northeast has a population of about 26 million inhabitants. A lot of unrest and insecurity has rocked this region over the last five years. This has made it next to impossible to conduct economic activity in the greater part of the region as residents have fled the comfort of their homes in fear of losing their lives. The damage done has been costly but the Nigerian Armed Forces have since launched a serious offensive and a number of towns have been recaptured and gradually, normalcy is returning to the region.

STATE (NE)	POPULATION (NPC, 2016)
Adamawa	4,248,436
Bauchi	6,537,314
Borno	5,860,183
Gombe	3,256,962
Taraba	3,066,834
Yobe	3,294,137
TOTAL	26,263,866

Source: NBS Demographics Statistics Bulletin 2017

Population (NPC, 2016)



- NE
North East
26,263,866
- NC
North Central
29,252,408
- NW
North Central
48,942,307

Northcentral

Benue, Kogi, Kwara, Nasarawa, Niger and Plateau states are the composition of the North Central region. The region has a population of about 29 million inhabitants. The food basket of the nation is found within the north central zone. This could also be as a result of the confluence of the river Niger and Benue which provide water all year round. The states in this region are known to have a vibrant agricultural heritage. The people are predominantly farmers and benefit from the rich soil found in the states.

STATE (NC)	POPULATION (NPC, 2016)
Benue	5,741,815
Kogi	4,473,490
Kwara	3,192,893
Nasarawa	2,523,395
Niger	5,556,247
Plateau	4,200,442
FCT	3,564,126
TOTAL	29,252,408

Source: NBS Demographics Statistics Bulletin 2017

The recent insurgency in the North East caused by the Boko Haram has rendered many homeless, shut down businesses, deprived the region of development opportunities, divided families and destroyed the peoples' means of livelihood. This situation of insecurity experienced in the North East has been a great detriment for entrepreneurial activity.

This document will highlight the available business opportunities in Northern Nigeria with a focus on several sectors of the economy including; agribusiness, Small scale industries, solid minerals, arts and craftsmanship.



Image Source:
<http://afrokanistmagazine.com>

2. Business Opportunities in Northern Nigeria

It is important to recognize the challenges of climate change and environmental degradation in northern Nigeria, which has led to increase in undocumented internal migration and conflict. These have in a way also created business opportunities and forced governments and organisations to recognize these existing business opportunities that have been lying dormant for years.

It has been asserted that a major contributor to the insurgency in the Northeast was the high levels of unemployment and widespread poverty in the region. The situation was further aggravated by rural banditry and herdsman attacks that made it difficult for farmers to retain their sources of livelihood. All of this has resulted into even more unemployment and poverty as millions of Northern Nigerians have left their homes in a bid to flee from insurgents and are now financially dependent as Internally Displaced Persons. The large numbers of youth that are not gainfully engaged in the region is birthing another crisis of juvenile delinquency and drug abuse. As a way to counter this, there is a need for investment into the region that can create jobs, boost the local economy, provide infrastructure and revive commercial activities in the region. Investment in the Northern region requires the participation of both the public and private sector as the government has a role to play in ensuring the necessary infrastructure such as roads are in place.

The unique combination of topography, climate and population demography in Northern Nigeria presents several opportunities for business. These include:

- Agribusiness
- Energy
- Solid Minerals
- Light Manufacturing
- Healthcare
- Real Estate/Construction
- Business Process Outsourcing
- Leather Production
- Technology
- Packaging
- Retail (Consumer Goods)
- Creative Industries

Agribusiness

Agribusiness, or agriculture-related business, is the business sector encompassing farming and farming related commercial activities. It includes, but is not limited to agrichemicals, breeding, crop production, crop distribution, farm machinery, food processing, seed supply, marketing and retailing, as well as

warehousing. The attractiveness of agribusiness investment in Northern Nigeria is majorly driven by the vast amount of arable land in the region. The sector is currently dominated by smallholder farmers that focus mainly on the crop or livestock production part of the value chain.

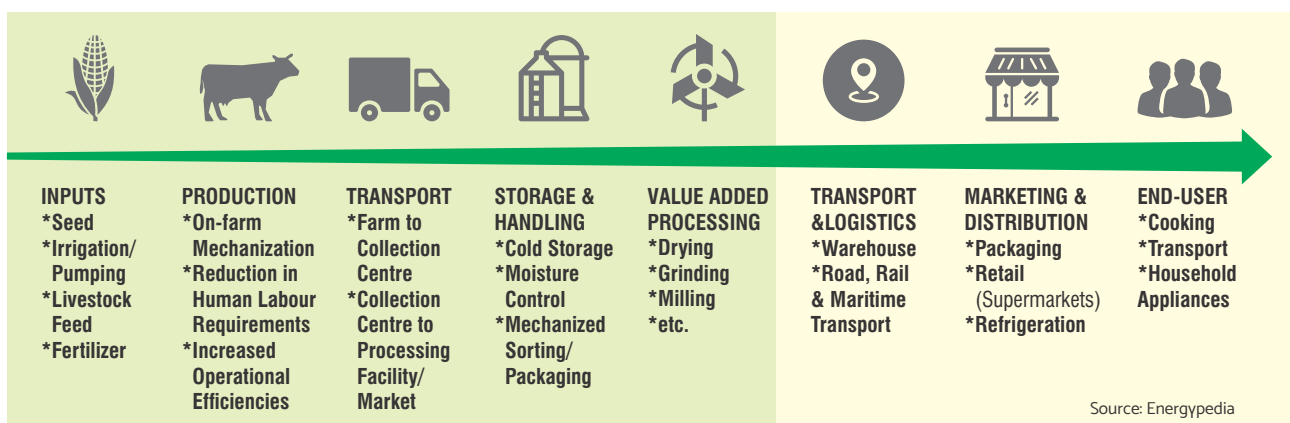


Fig. 2.1 Agribusiness Value Chain

According to the Nigerian Investment Promotion Commission (NIPC), Agribusiness presents a **US\$7.76 billion** opportunity in import substitution (15 percent of total import). The graphs below show that although import figures are dropping, popular Northern agriculture produce such as cane sugar, cereal and dairy still have very high import bills of about **US\$500 million**, **US\$1.5 billion** and **US\$400 million** respectively.

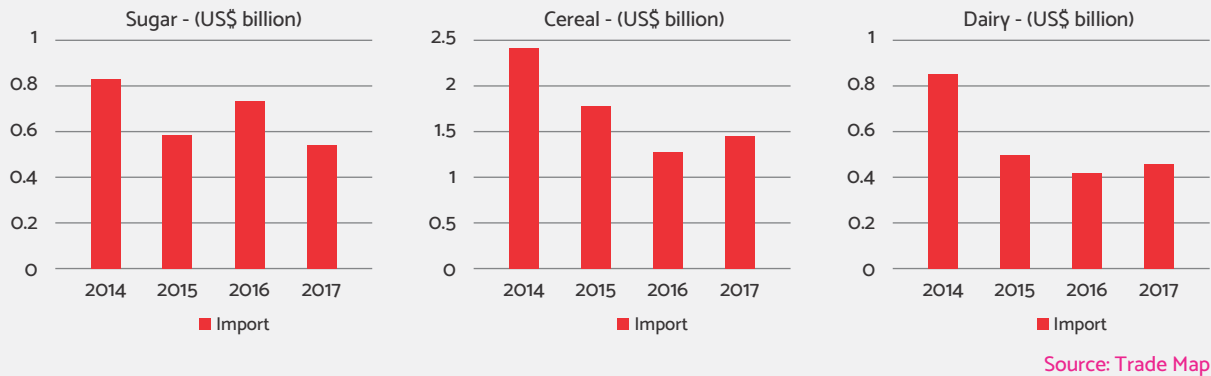


Fig. 2.2 Import Figures for Sugar, Cereal and Dairy products

North-west (NW)

In the north-west, farming and other agro-allied activity accounts for up to 60 percent of the employment. There is a predominance of small holder farmers, most of whom have little or no education. This lack of education has greatly hindered their use of improved farm inputs, practices and technology.

The NW boasts of the largest amount of onions produced in the West Africa sub-region as a whole. There are scores of trucks that get loaded on a daily basis that move to various parts of Nigeria and those that cross our borders into neighboring ECOWAS countries. These onions go as far as TESCO in the United Kingdom.

The availability of the different river basins spread across the NW make it possible for irrigational facilities which gives the farmers an all year-round farming season. One very popular occasion is the Argungu fishing festival. It is a four-day event which is held in Kebbi state every year. Fishermen from all over Nigeria and beyond come to take part in this annual event. The competition lasts for an hour and fishermen and women are only allowed to use local fishing apparatus to compete.

Other agricultural produce in the NW include beans, rice, maize, millet, onions, tomatoes, potato, cotton, fish, pepper, shea, hides and skin, tobacco, moringa, neem, yam, groundnuts, ginger, sorghum, sesame seed, poultry, cattle, sheep etc. These agricultural products can be said to be some of the leading commodities found in the Northwest region. Most of them are produced with direct labor. It must be noted here that 80 percent of the nation's onions come from this region, Sokoto in particular.

Kebbi state reportedly had a bumper rice harvest this year and is expected to do even more come 2017. While some of these crops are grown in the greater

▪ It must be noted here that **80%** of the Nigeria's Onions come from this region, Sokoto in particular.

part of the entire Northern region some are more profitable than others. Some of the crops are seasonal and are not grown all year round. The poor rainfall in some parts of the region have also hindered the commercial production of farm grown crops. Over dependence on rain-fed agriculture resulted in the creation of the river basin authorities in some states of the region for harnessing water resources to support farmers during the dry season. While this has helped in the interim to increase output of some of the crops here mentioned, it has not impacted the processing or commercialization of the food output.

The Northwest zone is considered by the IITA International Institute for Tropical Agriculture as one of the domains that would attract serious investments into agriculture that would yield the highest returns.

Some states in the zone have agro-processing facilities but are not producing at a sufficient scale, however they can leverage on the inputs from sister states and benefit from the regional synergies. The agro-processing sector can increase the fortunes of the region when properly galvanized. The lack of preservation and storage facilities has also diminished the huge potential in the sector as on-farm and off-farm losses can be up to 30 percent depending on the product.

North-east (NE)

Savannah Sugar and Highland Tea are produced in the North east where, Adamawa, Bauchi, Borno, Gombe, Taraba and Yobe are found. A lot of unrest and insecurity has rocked this region over the last five years. This has made it next to impossible to conduct economic activity in the greater part of the region as residents have fled the comfort of their homes in fear of losing their lives. The damage done has been enormous, but the Nigerian Armed Forces have since launched a serious offensive and a number of towns have been recaptured and gradually, normalcy is returning to the region.

Baga in the NE used to be home to fishing and provided a means of livelihood for people in Nigeria, Niger, Chad and Cameroon. The dry fish from Baga was one of the best consumed in many house hold. The insurgency in the region has brought the Baga fishing industry to a halt. While some parts of the region have been affected by the unrest and insecurity, other parts are still producing a number of crops such

as, sugar cane, rice, sorghum, tea, sesame seed, fish, guinea corn, sweet potatoes, mango, banana, orange, pepper, millet, wheat, ginger, Bambara nuts, maize, cattle, shea, cassava, palm fruit, wood etc.

Like in both the NW and the NC, eighty percent (80%) of the population earn a living from farming. The absence of improved output which will lead to a commercial sized production has been the lack of improved agricultural implements which help in cultivating the large expanse of arable land in the region. This is greatly attributed to the poor level of education experienced within the region.

In the past, the World Bank has organized programs in various sectors to promote and encourage agriculture in the region. The Fadama III project has also trained and empowered many local farmers in the region.

Mangoes and many other fruits produced in the region have been of superior quality and some have been exported to the Middle East and Europe for consumption.

The NE is also a welcoming ground for cattle and livestock which find their way into the country from neighboring nations. There is a huge market where these animals are traded and further shipped to various parts of the country.

Agro-processing in the zone include the Savannah Sugar processing company and Highland Tea. While these two are not producing at optimal capacity, the region has a heavy potential to develop other agro-processing businesses like sorghum, wheat, sesame seed, shea butter and palm fruit to mention a few.

North-central (NC)

The region is home to the following agricultural products; yam, rice, oranges, cassava, soya beans, potatoes, sorghum, coco yam, maize, millet, shea, tomatoes, pepper, palm oil, cocoa, sesame seed, kolanut, tobacco, egusi (melon), salt, vegetables of all sorts, cashew, coconut, banana, plantain, sorghum, fish etc.

A lot of investment has also gone into the production of rice in parts of this region. Some parts of Niger have begun producing rice twice a year against previous times when the rice was farmed just once in a calendar year.

The oil palm blog reports that several million smallholders are spread all over the region that once contributed to the forty-three (43%) of the world production in palm oil. That figure has painfully dropped to seven percent (7%).



Fig. 2.3 Alape SCPZ

This region is also home of the first Staple Crop Processing Zone (SCPZ) which is found in Alape, in Kogi state. In July 2018 a Nigerian conglomerate agreed to invest \$100m into the zone for the processing of 30,000 hectares of cassava. Once fully operational, the SCPZ in Alape is to become the number one employer and revenue generating body for Kogi state.

A number of World Bank projects like the Fadama III are in operation in this region and will empower many rice farmers who's farming activities are expected will yield a bumper harvest. The huge water source that also flows within the region also allows for all year round lambu (irrigation) farming within some areas where vegetables are produced. Eighty percent (80%) of agricultural produce comes from dispersed smallholders who still use manual techniques to cultivate, harvest and process their crops. The oil palm blog reports that several million smallholders are spread all over the region that once contributed to the forty-three percent (43%) of the world production in palm oil, that figure has painfully dropped to seven percent (7%).

The value chain for this sector in this region is also grossly untapped. There are few agro-processing factories and storage facilities in the region that are greatly inadequate. Some have been shut down for various reasons leading to the loss of on-farm and off-farm produce. The sustainability of this sector is hinged on the ability not just to produce but to also process, package, preserve, store and to have security for what has been produced.

Energy

The land availability and climatic conditions in the Northern region has made it a prime location for investment in power generation. According to NIPC, it is estimated that about fifty-five percent (55%) of Nigeria's population have no access to grid-connected power. However, transmission challenges hinder the central distribution of generated power.

The rise of off-grid renewable energy solutions has resulted in an increased demand for solar panels. According to TradeMap, in 2017, Nigeria imported US\$74 million worth of solar cells and this figure only started climbing since 2015. There is therefore an opportunity for import substitution in the production of solar panels.

Also, given the high level of solar radiation in the north (about 5.0-7.0kWh/m²/day)¹³ and the high demand for off-grid power in northern rural communities, solar power solutions are gaining traction in the region. According to estimates, the designation of only five percent (5%) of suitable land in central and northern Nigeria for solar thermal would provide a theoretical generation capacity of 42,700 MW, much higher than Nigeria's current installed generating capacity.¹⁴

Nigeria has also been assessed to have vast potentials for harvesting wind for electricity production, especially in the northern states.¹⁵

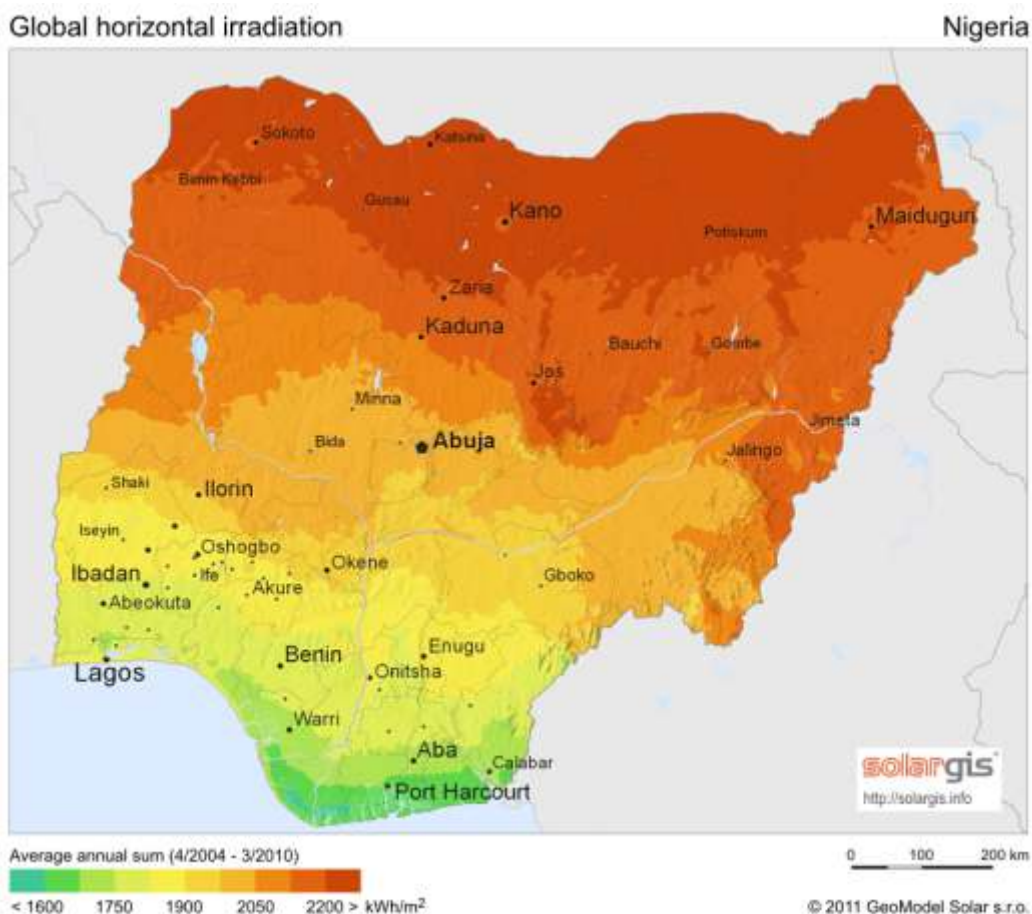


Fig. 2.4 Diagram showing annual horizontal radiation in Nigeria

¹³ Dunmoye, Z. (2018). The Prospects and Challenges of Renewable Energy in Nigeria. Available at <<https://www.lawyard.ng/the-prospects-and-challenges-of-renewable-energy-nigeria-by-zainab-dunmoye/>>

¹⁴ Renewable Energy Potential. Available at <<https://www.africa-eu-renewables.org/market-information/nigeria/renewable-energy-potential/>>

¹⁵ Nwagbo, G. (2017). Renewable Energy in Nigeria. Available at <<http://large.stanford.edu/courses/2017/ph240/nwagbo2/>>

Solid Minerals

According to NIPC, the commercial value of Nigeria's solid minerals has been estimated to run into hundreds of trillions of dollars. It has also been estimated that Nigeria loses about \$40 billion annually in unexploited gold alone. The domestic mining industry is underdeveloped, currently accounting for only 0.5 percent of Nigeria's GDP, and leading to the importation of commodities that can be produced locally. Nasarawa State in Northern Nigeria is said to be the home of solid minerals.

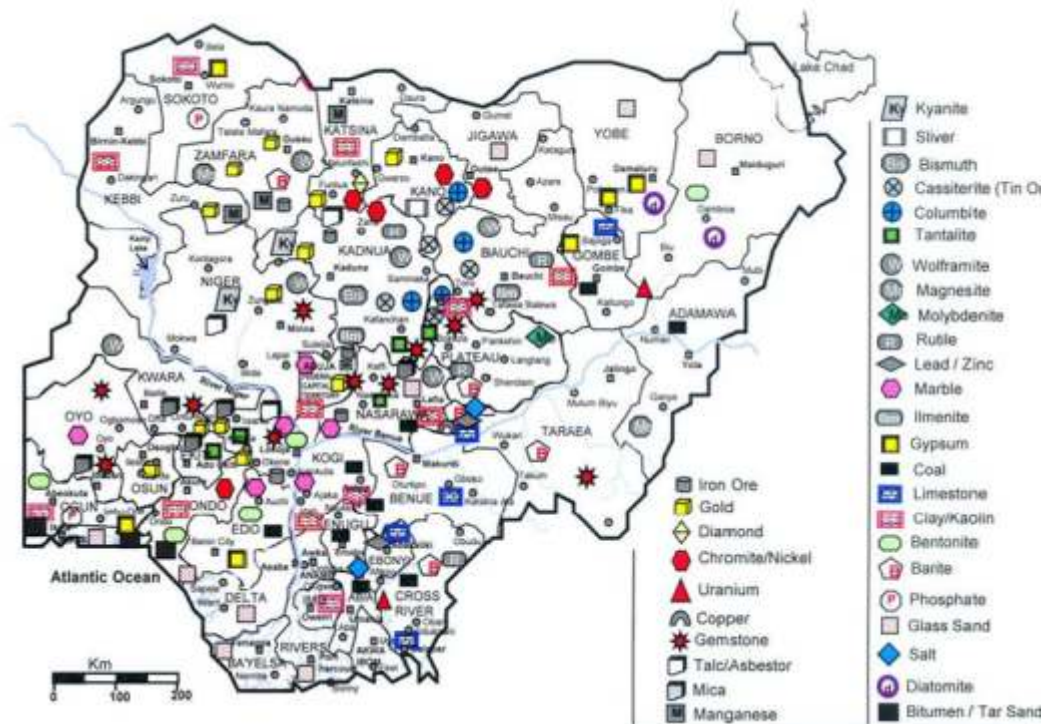


Fig. 2.5 Map showing solid minerals distribution in Nigeria

The under-exploration of solid minerals in Nigeria has led to the provision of investment incentives into this sector.

The key incentives available to companies engaged in mining operations are summarized below:

1. Under the Mining Act

- Tax holiday for an initial period of 3 years from commencement of operations and renewable for additional 2 years.
- Exporters of mineral products may be permitted to retain part of their foreign exchange earning in a domiciliary account for the purpose of acquiring spare parts and other mining inputs.
- Exemption from customs and import duties in respect of plant, machinery equipment and accessories imported exclusively for mining operations. However, the plant and equipment can only be disposed of locally upon payment of the applicable customs and import duties.
- Free transferability of foreign currency through the Central Bank of Nigeria (CBN) for the following:

- * Payment for servicing of certified foreign loan,
- * Remittance of foreign capital in the event of sale or liquidation of the business.
- Grant of personal remittance quota for expatriate personnel free from any tax imposed by any enactment for the transfer of external currency out of Nigeria.
- All infrastructure cost provided by the mining company and approved by the MCO to be capitalized and capital allowance claimed at 95% in the first year of operation.
- Annual indexation of unutilized capital allowance carried forward by 5% for mines that commenced production within five (5) years from the date of enactment of the Act.
- Accelerated Capital Allowance on mining expenditure (95% initial allowance and retention of 5% until asset is disposed).
- The Minister may grant a concession for the royalty payable on any mineral to be deferred for a number of years, subject to the approval of the Federal Executive Council.
- Actual amount incurred out of reserves made for environmental protection, mine rehabilitation, reclamation and mine closure cost shall be tax deductible, subject to certification by an independent qualified person.

2. Under Company Income Tax Act (CITA)

- A new company engaged in mining activities shall be exempted from tax for the first three years of its operation.
- The profits earned by a mining company after the initial tax holiday period may be exempted from income tax under the following circumstances:
 - i. If the minerals are exported from Nigeria, and the proceeds from such exports are repatriated to Nigeria and used exclusively for the purchase of raw materials, plants, equipment and spares.
 - ii. If the minerals produced are exclusive inputs for the manufacture of products for exports, provided the exporter gives a certificate of purchase of input to the company.
- Potential exemption of interest on foreign loan from income tax, subject to the conditions stipulated under CITA.
- Where a mining company records a turnover below N1 million within the first five years of commencement of business, it will be liable to tax at the rate of 20%.
- Grant of Investment Allowance of 10% on qualifying plant and machinery.
- A company may also be entitled to claim an additional rural investment allowance on its infrastructure cost, depending on the location of the company and the type of infrastructure provided.

There are also opportunities in other parts of the value chain such as solid minerals processing and consultancy.

North-west (NW)

The northwest region is also blessed with an abundance of solid minerals. Some of these include but are not limited to the following; Kaolin, Tourmaline, Amethyst, Marl Stones, Potash, Iron-ore, Copper, Gold, White quartz, Clay, Antimony, Turpentine, Asbestos, Kyanite, Graphite, Sapphire, Topaz, Serpentinite, Glass sand, Lead/Zinc, Tantalite, Gemstone, Cassiterite, Marble, Salt, Limestone, Gypsum, Black Stone, Limestone, Phosphate, Silica Sand, Granite etc.

New Nigeria Development Corporation has acquired the licenses to mine some of these resources. While there is no complete geo-scientific data to suggest the actual quantity of reserves for each of the solid minerals mentioned, most of them are said to be in

commercial quantity. The main method of extraction for now is very elementary and crude. Most of such mining activities are carried out by informal artisanal miners across various locations within the region. Like in agriculture, these miners have little or no education and use very crude means of extraction. Some of the states have set up their own mining corporations to explore the largely untapped solid mineral resources. They are hoping to attract investors both local and foreign to promote and develop the mining sector.

North-east (NE)

The likelihood that Nigeria could become a nuclear power is largely attributed to the recent discovery of Uranium in six states of Nigeria. Five of the sister states where the mineral is found are in the NE. It is

Some of the solid minerals to be found in the region include but are not limited to the following;

Lead/Zinc,
Limestone,
Iron-ore, Coal,
Clay, Marble,
Gemstones,
Gypsum, Salt,
Tantalite,
Cassiterite,
Columbite, Gold,
Feldspar, Kaolin,
Quartz, Granite,
Silver, Beryl,
Dolomite, Sapphire,
Tourmaline, Zircon,
Ilmenite, Galena,
Barytes, Mica,
Cooking Coal,
Talc, Emerald, Tin,
Granite, Lead,
Kaolin, Bentonite,
Pyrochlore,
Bauxite etc

curious to note that this is the same area that the insurgency has held fort also. Kaolin, Bentonite, Magnesite, Barite, Diamond, Gold, Bitumen, Amethyst, Gypsum, Lead/Zinc, Diatomite, Clay, Limestone, Hydro-carbon, Gem Stones, Tantalite, Blue Sapphire etc. form part of the solid minerals ready to be explored in the region.

New Nigeria Development Corporation report that the mineral deposits found in three of the states in this region for barite and bentonite are in excess of millions of tons of total reserves which are commendable and economically mineable. It is expected that the states in the region will work with the Federal and the foreign investors to exploit these mineral resources using all the machinery available.

It has to be noted that the level of sophistication of the mining activity being carried out in the region by the indigenes is still a far cry from industry best-practices that will result in the actualization of the value and economic importance of this sector. It is in this vein that the governors have extended open arms to credible investors and experienced international mining entities to bring their knowledge in the sector to produce the needed results.

North-central (NC)

A quick look at the solid minerals in the NC indicates that there is a huge amount of mining activity that is still pending. In the past there was a huge foreign presence especially in Jos where there was a lot mining of tin. Some of the solid minerals to be found in the region include but are not limited to the following; Lead/Zinc, Limestone, Iron-ore, Coal, Clay, Marble, Gemstones, Gypsum, Salt, Tantalite, Cassiterite, Columbite, Gold, Feldspar, Kaolin, Quartz, Granite, Silver, Beryl, Dolomite, Sapphire, Tourmaline, Zircon, Ilmenite, Galena, Barytes, Mica, Cooking Coal, Talc, Emerald, Tin, Granite, Lead, Kaolin, Bentonite, Pyrochlore, Bauxite etc.

The tantalite boom in Plateau a little over a decade ago yielded a lot of export of the mineral. A lot of indigenes became involved in the mining of the chemical element. This mineral like very many other solid minerals mined in the state were excavated using direct labor and very basic equipment. This resulted in the short-lived sensation caused by the “tantalite era.”

The Federal Government of Nigeria in efforts to reposition the Solid Minerals Sector as one of the key drivers of the economy, has embarked on far-reaching reforms that will enable the private sector to play a pivotal role in the growth and development of the sector. In recognition of NNDC's role in the Mining Sector, the Mining Cadastral Office of the Federal Ministry of Mines & Steel Development invited NNDC to express interest in the acquisition of Mineral Titles through competitive bidding process. NNDC bid for 19 Mineral Titles in 11 Northern States and won. The minerals in the NC region include, Barite, Tantalite and Bentonite. Preliminary lab results show that the minerals are of high grade and are worth exploring vigorously.

Light Manufacturing

Identified as one of the priority sectors for investment by the Nigerian Investment Promotion Commission, the light manufacturing sub-sector is considered to be an ideal industry to drive Nigeria's development due to the labor-intensive, export-focused nature of the business. The sector presents a US\$10.29 billion opportunity in import substitution.

Northern Nigeria has historically been the preferred location for the siting of manufacturing plants. With the influx of new players into this sector, it is slowly regaining its former glory. The advantages provided by the region include the availability of land for factories, large population and market in cities like Kano, and the affordability of labour. According to NIPC, the major business opportunities in this sector include the production of:

- Auto components (Auto parts and replacement accessories)
- Textile and Footwear (Embroidery, Synthetic Filament Yarn Woven Fabric, Non-Knit Men & Women's Suit, Light Pure Woven Cotton, Knit T-Shirts, etc.)
- White Goods (Centrifuge, Refrigerator, Washing and Bottling Machines, Air-conditioners)
- ICT Equipment (Telephones, Computers, Broadcasting Equipment and Accessories)
- Electricals, Electronics (Electric Generating Sets, Video Displays, Electrical Transformers, Insulated Wire, Low Voltage Protection Equipment, Electrical Control Boards)



Image Source: <https://careerplanet.co.za>



Healthcare

Nigerians
spend about
US\$1 billion
on Medical
Tourism per
annum

It is estimated that Nigerians spend about US\$1 billion on medical tourism per annum with top destinations being India, Europe and the United States. Again, indigenous pharmaceutical companies are only able to meet about 45 percent of the demand for drugs, which presents another opportunity for import substitution.

Nigeria's healthcare sector is attracting foreign investors as it is perceived as a growth market. There is also an opportunity for franchise arrangements with some global health care service providers, under which the indigenous company will be the sole local manufacturer of some globally renowned drugs and healthcare products.

Opportunities for investment include:

- Specialist hospitals,
- Ambulance Services,
- Mobile Clinics
- Pharmaceutical manufacturing,
- Smallholder specialist clinics among others.

Northern Nigeria is a suitable location for specialist hospitals and pharmaceutical manufacturing plants because of the availability of land for hospital and factory construction, as well as its large population. Urban cities like Kano, Kaduna, and Abuja have a number of middle to upper class residents that provide effective demand for quality healthcare services.

Real Estate/Construction

Kano, a state in the Northwest is said to be one of the fastest growing cities in Africa. It is the second largest city in Nigeria with a population of over 10 million inhabitants. The bustling metropolis is described by some as the commercial nerve centre of northern Nigeria. Similarly, with other growing cities like Kaduna, Bauchi and Maiduguri indicates that there is an opportunity for real estate investment in Northern Nigeria.

A steady increase in population translates to an increase in commercial activity, and this can always be explored for investment opportunities. The availability of low cost labour in this region further increases its attractiveness for investment into real estate.



Image Source: www.pexels.com

As Nigeria is an English-speaking country, BPO organisations can also serve international companies in the English-speaking world.



Business Process Outsourcing

Business Process Outsourcing or BPO, an industry that is worth over US\$100 billion, has been identified as one of the priority sectors for investment in Nigeria. According to NIPC, an analysis carried out on the cost of outsourcing in some key destinations estimated the cost in Nigeria to be within \$2 – \$4, compared to \$5 – \$12 in Pakistan and the Philippines, and \$7 – \$15 in India. Nigeria was also assessed to have low staff attrition, as a result of the high unemployment rate. In 2007, the Federal Government launched the National Outsourcing Policy with the aim of ensuring that Nigeria was not left out of the outsourcing boom.

Northern Nigeria is a choice location for investment into Business Process Outsourcing. This is because of its teeming youth population, and the fact that it is home to a number of universities. The opportunities in Business Process Outsourcing include, but are not limited to:

- Software Development
- Website/E-Commerce
- Hosted applications
- Disaster Recovery Services
- Network Operations
- Desktop Support
- Data Centre Support
- Help Desk/Call Centre Support

BPO organisations can serve local markets as a number of Nigerian companies in different sectors are looking to cut costs by outsourcing non-core business activities. As Nigeria is an English-speaking country, these organisations can also serve international companies in the English-speaking world.



Retail

Nigeria's large population and rapid urbanization make it a very attractive destination for investment into the retail sector. It's growing middle class makes a formidable market for consumer goods in Africa.

Northern Nigeria is not left out of this as growing cities like Kaduna, Kano, Katsina and Bauchi boast large consumer markets for retail goods. The retail sector in Northern Nigeria still remains underdeveloped as majority of buying and selling still takes place on a small scale at corner shops, local markets and kiosks. There is an opportunity to invest in this sector in Northern Nigeria as the demographics in Northern Nigeria make it an attractive location for this investment.

In addition, there are opportunities to invest in online retailing in Northern Nigeria. Given the continued proliferation of smart phones in this region, as well as improved financial technology services such as e-payment systems, online retailing is set to grow in the next few years in the Northern region. The increased use of social media for marketing retail products contributes to the attractiveness of investment into this sector.

Image Source: www.pexels.com



Fig. 2.6 God's Little Tannery based in the outskirts of Kano reportedly supplies leather to the European fashion industry and the leather produced is used by luxury brands like Louis Vuitton, Gucci and Ralph Lauren.

Leather Production

According to TradeMap figures, in 2017 alone, Nigeria spent about US\$20 million on the import of raw hides and skins and leather. In the same year, the country spent about US\$10 million on articles made from leather such as suitcases, brief cases and clothing accessories. These figures show that there is an opportunity for import substitution as there is available effective demand for leather in Nigeria.

Northern Nigeria is a suitable location for a leather production business partly because of the large-scale livestock farming in the region. The region also has a history and legacy of leather production in states like Plateau, Kano and Kaduna. The Nigerian Institute of Leather and Science Technology in Zaria also provides research and development with the aim of improving the leather making process.

Finally, there has been a resurgence in the interest in locally made leather products as a result of the high foreign exchange rate. There is an opportunity to tap into this growing demand for made in Nigeria leather products by investing into this industry.

Packaging

The Nigerian Investment Promotion Commission has identified Packaging as one of the priority sectors for investment in Nigeria. This sector has been in existence since the 1960s and started with about 50 plastic companies. The increasing sophistication of the Nigerian middle class has been credited for the growth in the demand for plastics and other forms of packaging. Also, the proliferation of SMEs in the manufacturing of food products and fast-moving consumer goods has added to the demand for packaging solutions.

According to NIPC, the demand for polythene material (a popular form of plastic packaging) stands at 80 million metric tons per annum. The major investment opportunities in the sector include:

- Plastics Packaging e.g. polyethylene
- Metal Packaging e.g. food canning
- Glass Packaging e.g. bottled drinks, food jars
- Paper Packaging e.g. cartons

Climate change and global warming concerns have launched the world into the Green Revolution. It is expected that there will be an increased demand for “green” packaging solutions in Nigeria in the nearest future. This will include recycled packaging materials as well as environmentally friendly biodegradable materials.

The availability of land as well as the large population in Northern Nigeria makes it a suitable location for packaging factories.





Fig. 2.7 Ventures Park in Abuja

Technology

Given the high levels of poverty in the Northern region coupled with the violence as a result of the Boko Haram insurgency, Northern Nigeria does not seem like a conducive place for technology innovation. However, according to a report by The Guardian, Northern Nigeria is home to about thirteen tech hubs. The technology boom in Northern Nigeria has seen pioneers such as CoLab in Kaduna and nHub in Jos strive to provide co-working spaces, training, mentorship and networking opportunities to technology entrepreneurs.¹⁶ The launch of Startup Arewa in 2016 also contributed to the technological boom in the Northern region. Startup Arewa is a comprehensive and structured plan for ICT development in Northern Nigeria that focuses on the growth and development of the Northern Nigerian technology startup ecosystem. The initiative was organized by Emerge Tech Africa and Network of Incubators & Innovators in Nigeria (NIINE).¹⁷

Asides the proliferation of innovation hubs that mostly focus on software development, Northern Nigeria is also home to Alpha Hub, the first hardware innovation hub in the North.¹⁸ This Hub was set up as a response to the challenge of the high financial cost and technical requirements of setting up manufacturing infrastructure in Nigeria. Alpha Hub in Kaduna State provides training, support and co-working space for budding entrepreneurs interested in hardware development in Nigeria. The need for this was recognized in the growing demand for the production of smart devices in Nigeria, as well as the need for technical skills to fix and repair

¹⁶ Tech Suplex. (2016). Coworking Spaces and Hubs in Northern Nigeria. Available at < <https://techsuplex.com/2016/11/30/co-working-spaces-hubs-northern-nigeria/>>

¹⁷ Tech Suplex. (2016). Start Up Arewa Launches in Kaduna. Available at < <https://techsuplex.com/2016/11/30/co-working-spaces-hubs-northern-nigeria/>>

¹⁸ Tech Next. (2018). AlphaHUB, First Hardware Innovation Hub in Northern Nigeria, Opens. Available at < <https://technext.ng/2018/07/19/alphahub-first-hardware-innovation-hub-in-northern-nigeria-opens/>>

devices such as smart phones, alarm systems, car security, smart home solutions etc.

All of this activity in the tech space in Northern Nigeria point to the fact that there will be several technology startups available for investment. As the technology sector in Northern Nigeria emerges and grows, it will be beneficial to invest in businesses that are looking to leverage on technology to create solutions to some of the challenges facing the Northern region at a profit. Ventures Park in Abuja is a co-working space and pan-African venture capital firm that invests in early growth stage companies. It is one of the unfolding technological industry success in Northcentral Nigeria.

Technology as a Means for Youth and Women Empowerment in Nigeria

It is a well-known fact that the technology start-up scene is dominated by young technology

entrepreneurs or technopreneurs. This shows that an investment into this sector is one way to empower the Northern Nigerian youth. Women are not left out of this as efforts have been increased to include women in the technology industry in the Northern region. Women have been historically excluded from this field, however initiatives have been put in place to provide coding, entrepreneurship and other related skills to women specifically in order to ensure that they are not left out.



Fig. 2.8 Women in Tech session at Start-up Arewa.



Image Source: theculturetrip.com

Creative Industries

Northern Nigeria boasts of a thriving creative industry that includes film, music and literature. The Hausa film industry is referred to as Kannywood as it is based majorly in Kano. The name Kannywood was reportedly coined a few years before Nollywood – the term that is used to refer to the Nigerian film industry in general.¹⁹

Nigerians have historically shown a preference for local language movies. In 2010, statistics from the Nigerian National Film and Video Censor's Board (NFVCB) showed that only 12 percent of the films approved by the board for that year were English-language films. Local language films took up 88 percent of the slots with Hausa language films taking up 30 percent of that number.

In general, there is a growing demand for creative content in local languages. This is further evidenced by the growing Hausa-language animated film industry that is producing shows for children in Hausa language.

¹⁹ McCain, C. (2012). Kannywood, the growth of a Nigerian language industry. Available at <<http://nigerianstalk.org/2012/10/09/kannywood-the-growth-of-a-nigerian-language-industry-carmen-mccain-2/>>

3.0 Conclusion



A horseman carries a young child as they take part in the Durbar festival parade in Zaria - Afolabi Sotunde/Reuters

Northern Nigeria is often viewed solely as the region with various challenges including insecurity, high unemployment, poverty, high illiteracy, amongst others. It is however important to recognize that the region presents a number of business opportunities for investment.

Several entrepreneurs have found success in various sectors in the Northern region. This shows that with sound strategy, resilience and good stakeholder management, the Northern region can show itself to be a fertile ground for businesses.

Business Opportunities in Northern Nigeria

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The Kukah Centre

The Centre was established by Bishop Kukah to enhance and encourage greater citizen engagement in Nigeria. The Kukah Centre is a nonprofit organization that promotes an active and engaged citizenry by providing support for inclusive dialogue and advocacy initiatives.

The Centre treats political leadership as a collaborative exercise and aims to promote governance structures which incorporate multiple levels of engagement, including individuals, households, small businesses, the private sector, NGOs and government.

Interfaith dialogue is at the core of the Centre's work and involves actively promoting conversations among Nigeria's faith communities, as well as between leaders in faith and public policy.

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