

Written evidence submitted by the Commonwealth Enterprise and Investment Council (CWEIC) (IRN0043)

Integrated Review Nigeria

1. Summary

- Increased investment into Nigeria's 17 million SME and MSME sector is vital, with the number of enterprises totalling approximately 17.4 million, accounting for almost 50% of industrial jobs and nearly 90% of the manufacturing sector.
- Nigeria and the Commonwealth Business Advantage: where the consistency of language, legal systems and financial systems across the Commonwealth has been shown to present a 21% trading advantage for Intra-Commonwealth trade.
- The long-standing relationship between the Commonwealth and Nigeria as a member of the Commonwealth of nations provides strong foundations for trading links, aid, personal and technical exchange.
- Some Nigerian companies see a disparity in the effectiveness in engagement from the UK to provide assistance in its most vital areas for growth and therefore has, at times, looked elsewhere (e.g China).

2. CWEIC and Nigeria

The Commonwealth Enterprise and Investment Council (CWEIC) is the Commonwealth's accredited business network – the Commonwealth's multilateral "Chamber of Commerce."

CWEIC is a commercial, not-for-profit membership organisation with an official mandate from the Commonwealth Heads of Government to facilitate trade and investment throughout the 54 Commonwealth member nations. The role of CWEIC is to use the convening power and trusted network of the Commonwealth, led by Her Majesty The Queen, to drive trade and investment, and provide space for private sector to government dialogue.

CWEIC's network includes around 100 business and government Strategic Partners (members) operating in 10 hubs across the Commonwealth (Australia, Caribbean, UAE, Ghana, Gibraltar, India, Malaysia, Nigeria, Singapore and Sri Lanka) managed by appointed Country Directors.

Nigeria was CWEIC's first "hub" with a critical mass of member companies and has remained our most prominent. Nigeria companies that are members of CWEIC include Famfa Oil, Zenith Bank, Africa Law Practice, Lagos Free Zone, Dangote Group, CitiTrust Holdings, Custodian, LandAfrique, Nigerian Shippers Council, Prime Atlantic and YOA Insurance Brokers.

On 11 April 2019, CWEIC inaugurated its Nigeria International Advisory Council in the presence of HE Babajide Olusola Sanwo-Olu, the incoming Lagos State Governor. The Council is a high-level grouping representing each of our Strategic Partners in the country. It is designed to create a platform for high-level engagement between our Nigerian members and our global network whilst providing a platform for Nigerian businesses, our single largest grouping outside the UK, to drive the Commonwealth business, trade and investment agenda from a Nigerian perspective.

CWEIC Strategic Partners (members) are part of a network that is active on global trade issues where they have the opportunity to influence government policy and decisions as a collective voice by engaging directly with senior government leaders and policymakers, or by presenting research and contributing to thought leadership.

3. Emerging sectors for investment

According to the Nigeria Bureau of Statistics (NBS), small and medium scale enterprises (SMEs) in Nigeria have contributed about 48% of the national GDP in the last five years; account for 96% of businesses and 84% of employment. With a total figure of about 17.4 million, they account for about 50% of industrial jobs and nearly 90% of the manufacturing sector, in terms of the number of enterprises.

SMEs and MSMEs have rapidly become the 'engine room' for growth in the Nigerian economy with Nigerian businesses helping to alleviate the underlying causes of poverty through generating innovative solutions to financial services, health care delivery, education and through supporting increased participation in work.

The challenges that start-ups, SMEs and MSME's face in doing business globally in a rapidly changing business environment are significantly more of an issue as Nigeria re-emerges from the impact of the pandemic. Urgent investment and technical support are vital in key areas such as Technology – Fintech, Edtech, Healthtech and Agritech; Renewable Energy; Agribusiness – Agriculture processing and storage; Health, Education; Logistics; Supply Chains and Infrastructure.

A further 2010 survey report on MSEs, conducted by the NBS in collaboration with SMEDAN, found that the SME sector in Nigeria is strategically positioned to absorb up to 80 per cent of jobs, improve per capita income, increase value addition to raw materials supply, improve export earnings, enhance capacity utilisation in key industries and unlock economic expansion and GDP growth.

With its shared use of the English language, similar legal structures and diverse range of markets, the Commonwealth is an ideal platform for those looking to gain access into international markets, and to help SMEs internationalise,

CWEIC through its Forums and webinars, has brought together leaders from across the Commonwealth to discuss how to tackle some of Nigeria's most intransigent challenges – with a particular focus at the upcoming Commonwealth Business Forum 2022 on bringing people in from the 'Grey Economy'.

4. UK-Nigeria relationship: Commonwealth Ties

The long-standing relationship between Nigeria and the Commonwealth stems from trade and industry connections with the Commonwealth, and as a voluntary member, Nigeria views the UK as a friend and partner. Nigeria and Nigerians also seek the UK as a second home and expect the UK to play a leading role in helping Nigeria develop economically and politically. Nigeria also seeks infrastructural development; however, the underlying feeling anecdotally is that the UK is not playing as significant a role as it could and hence Nigeria (not uniquely) has looked elsewhere (e.g. China and other states) for assistance.

5. The Commonwealth factor for international trade & investment links

As a key regional player in West Africa, Nigeria accounts for about half of West Africa's population with approximately 202 million people and one of the largest populations of youth in the world. The population is expected to exceed that of the US by 2050. With an abundance of natural resources, it is Africa's biggest oil exporter and has the largest gas reserves on the continent. The Commonwealth's common language and business practices reduce the cost of trade by 21% on average between Commonwealth countries which is a major advantage for Nigeria.

Nigeria has consistently been one of the Commonwealth strongest contributors to Trade and Investment work. Nigerian businesses were some of the earlier international adapters of the CWEIC's platform and contributors to our programmes. Nigerian businesses have always been at the forefront of CWEIC trade missions, utilising the Commonwealth network to explore opportunities in other Commonwealth countries and beyond. At the Commonwealth Business Forum, held alongside CHOGM and other pan-Commonwealth business gatherings, Nigerian representation has always been consistently high. There is a recognition within the Nigerian business community that the Commonwealth is a helpful window through which to explore opportunities - and the historic links with the UK, and the opportunity for partnership with UK companies and institutions in 3rd countries- is an important part of that.

6. Established relationships to promote trade and mitigate hindrances

Nigeria's challenges with corruption, security and human rights abuses are major obstacles in the country's ambition for political and economic stability. As a member of the Commonwealth, Nigeria is committed to the Commonwealth values as set out in the Commonwealth Charter. Good Governance and demonstrable commitment to Commonwealth values improves trade and investment as business and the international community perceive a country to be less 'risky' and the take-up of opportunity becomes less cost heavy. This is a virtuous circle; greater levers of international economic engagement drive better levels of governance as local businesses and institutions comply with international standards and obligations to attract further international investment and partnership. Anti-corruption programmes, both locally and internationally, remain essential to ensure that progress is consistent and that the unscrupulous do not take advantage.

February 2022

Reference:

<http://www.nigerianstat.gov.ng/>