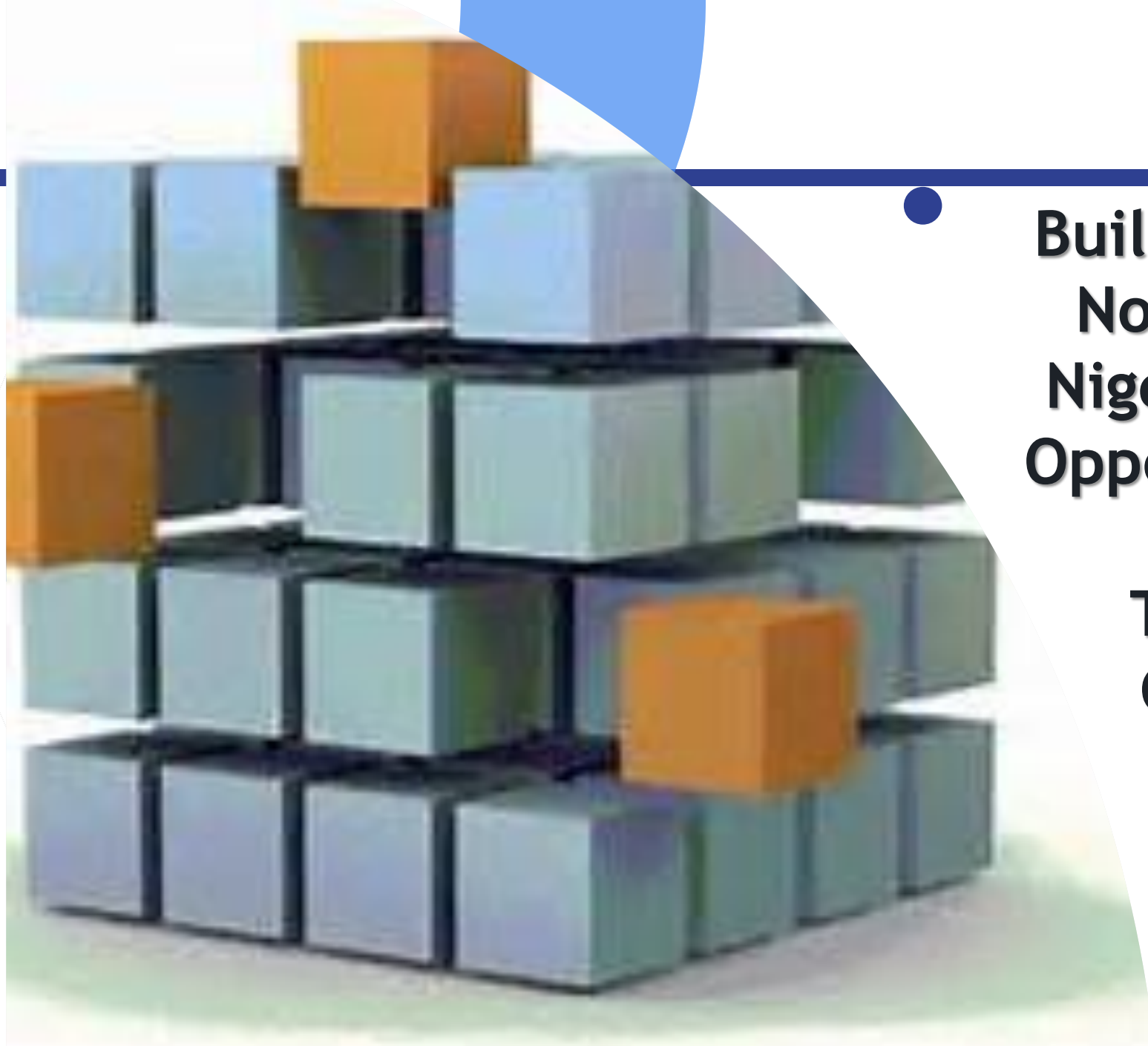




# **Building Sustainable Non-Oil Export in Nigeria: Harnessing Opportunities within the AfCFTA Treaty & Agro Commodities**





# Focus

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Before and During Covid-19 Pandemic

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The Global Environment

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The Nigerian Economy

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Outlook Perspectives

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What to Do: Interpret and Act

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End Notes

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BROKEN BY AN OUTSIDE FORCE ...

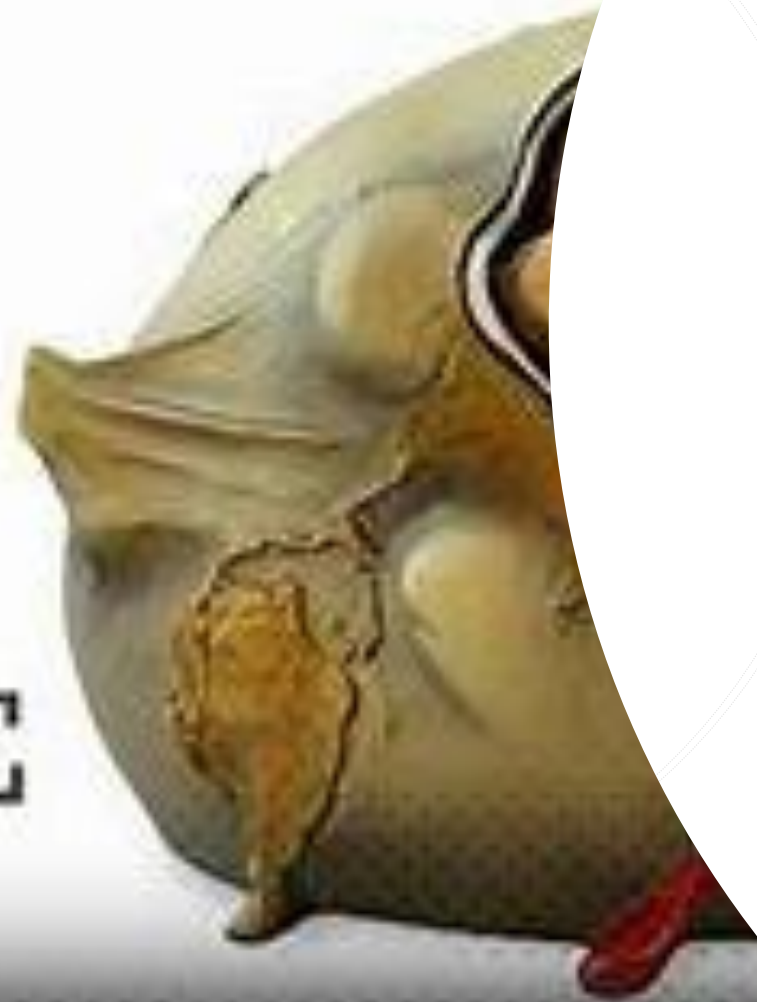
BY INSIDE FORCE... LIFE

IGS

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M

IDE



# Before and During Covid-19

Yesterday and Today



# Transition...

**Normal** (up to  
end-2019)

**New Normal**  
(from March 2020)

**Next Normal**  
(from ???)





# Operative words for the **Next Normal**...

**Sustainability**  
Enduring; repeatedly value enhancement

**Resilience**  
Continuous market interrogation.

**Disrupt**  
Challenge the current status and arrangement

**Reimagine**  
Look forward and think forward; disconnect from the past.





# The Global Environment

Evolving Developments

Issues to Ponder





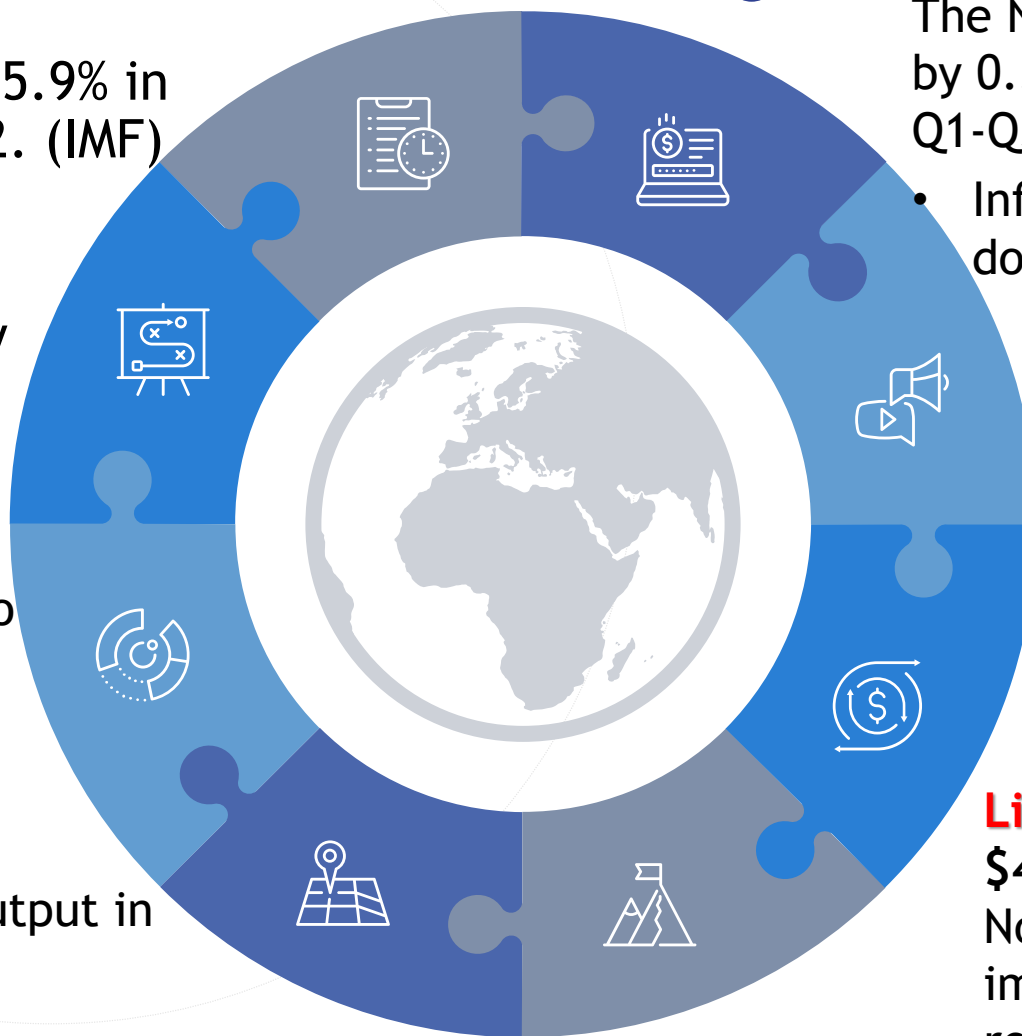
# Global & Local Economic Developments 2021

**Global economy** is projected to grow by 5.9% in 2021 and 4.9% in 2022. (IMF)

Increased global energy prices triggers global inflationary pressures.

Shifting economic growth to energy-exporting countries from energy-importing ones.

Rebound of economic output in Europe along with **international trade**.



The Nigerian **economy grew** by 0.51%, 5.01% and 4.03% in Q1-Q3 2021.

- Inflation rate trending downwards.

Petroleum Industry Act enacted on 16<sup>th</sup> August 2021.

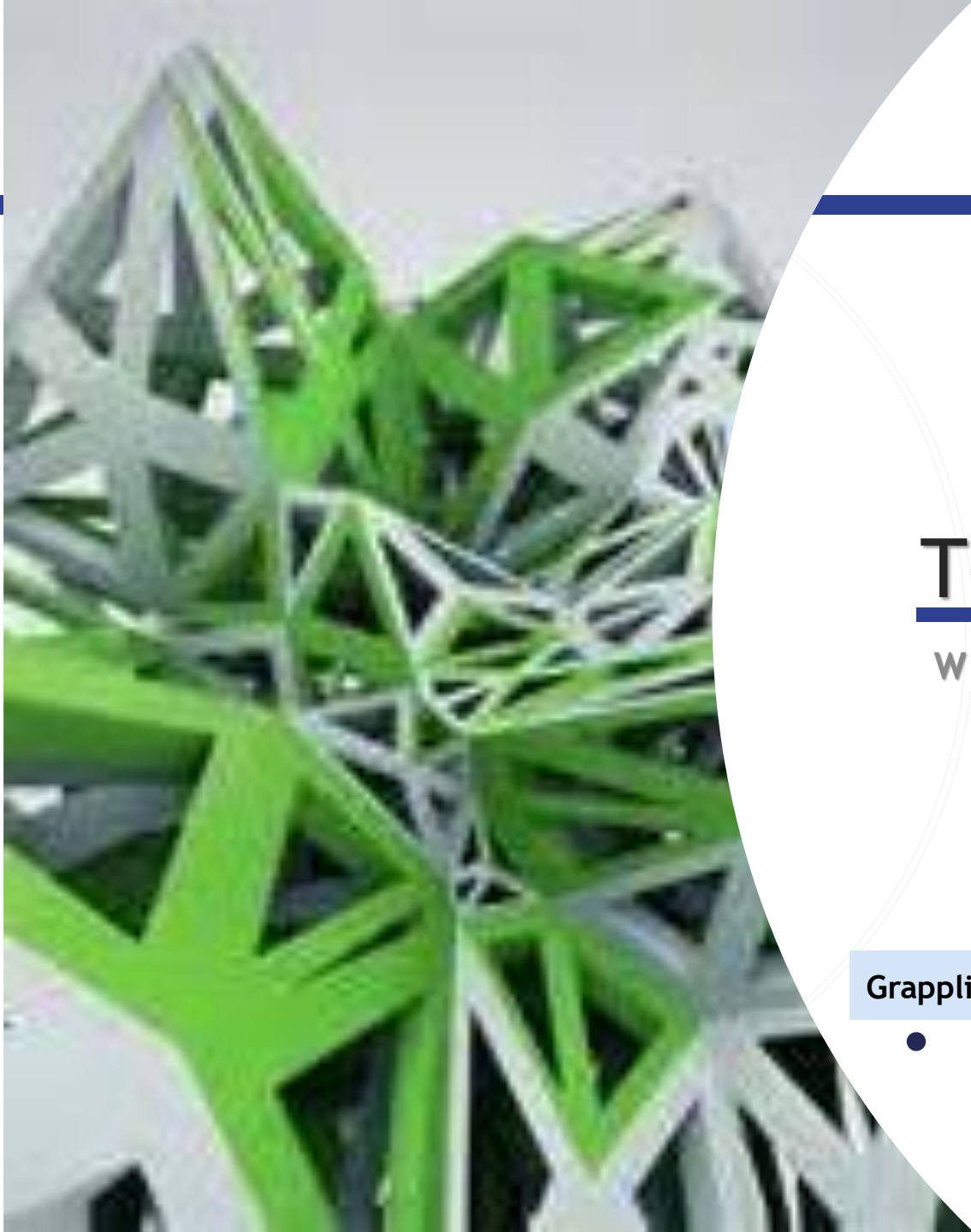
**Liquid external reserves** of \$41.59 billion as of 29<sup>th</sup> November 2021 and a monthly import bill of \$5.61 billion, resulting to 7.42 months cover.



# The Nigerian Economy

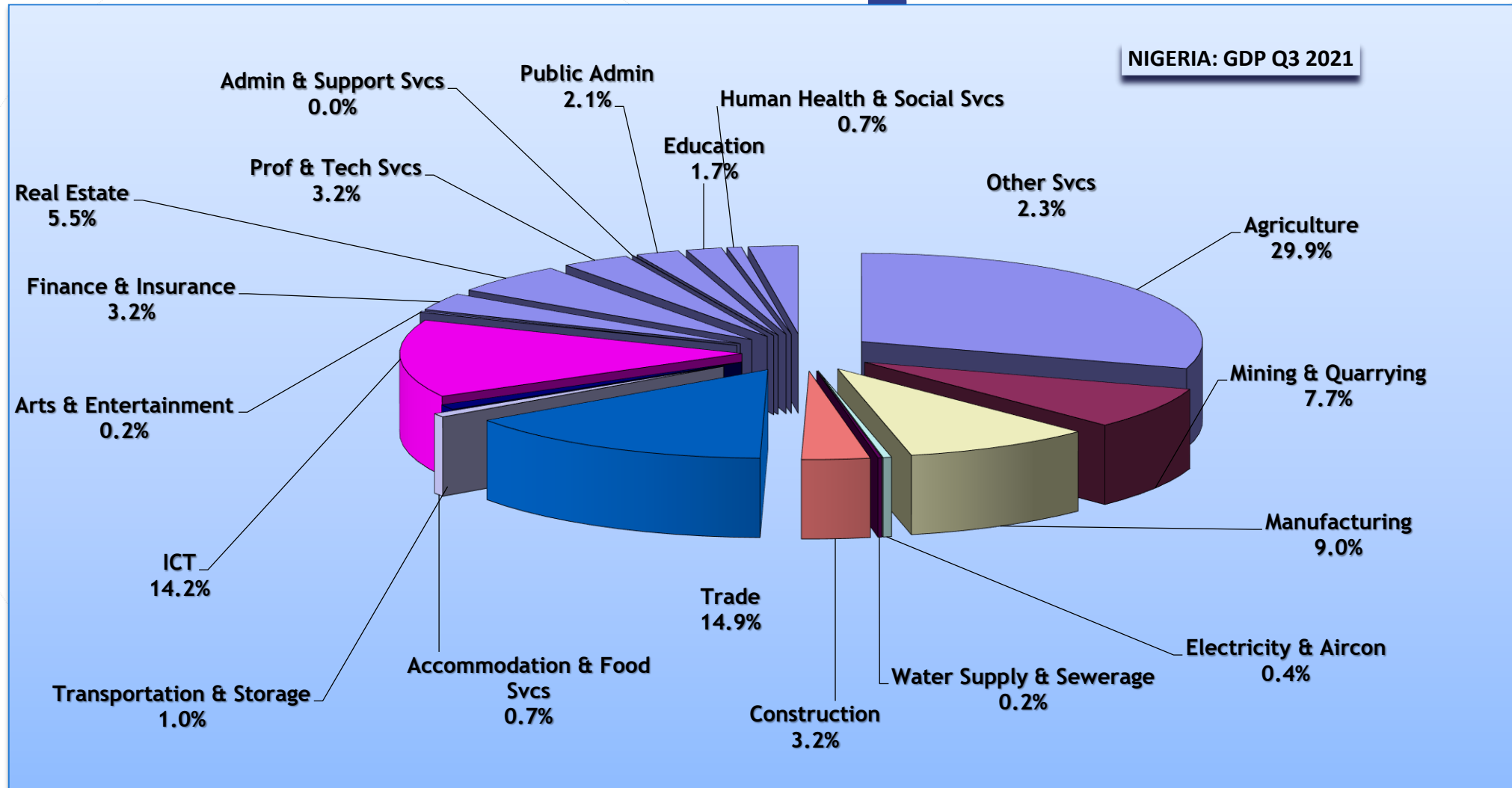
What do we have?

Grappling with the New Normal, Preparing for the Next Normal



# Nigerian Economy: September 2021

## Sectoral Contributions to GDP



Source: National Bureau of Statistics

# Nigerian Economy: September 2021

## Observations



- **Oil** accounted for **88.75%** of foreign trade in H1'2021 but only **7.49%** of GDP in Q3'21!
  - A disconnect of sort, having weak linkage to the rest of the economy!
- **Agriculture** (29.94%), **Trade** (14.93%) and **ICT** (14.2%) remained dominant.

There is no sector you operate in in the Nigerian economy that there is no space for you to thrive if you do the **right things** at the **right place** and **right time** for the **right person**, with most things now **digital**.





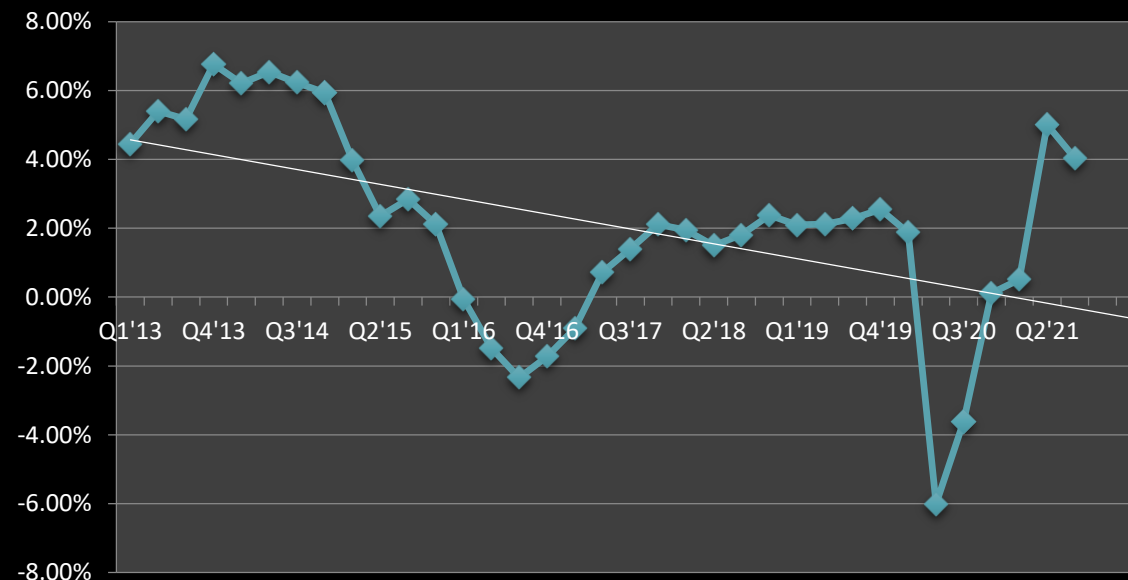
# Economic Growth Trend (2013-2021)

The Nigerian economy dampened by -1.92% in 2020.

Projected to grow in 2021 by 3.0% (NBS), 2.74% (BAA), 2.7% (IMF) and 2.4% (World Bank).

- Exited recession in Q4'2020. Grew by 0.51%, 5.01% and 4.03% in Q1, Q2 and Q3'2021.
- Oil production at **1.76mbd** and spot price of Bonny Light (BL) averaged **\$40.26/bbl** in 2020 (against **\$65.49** in 2019, CBN)
- BL at **\$83.74** as at 10.47 am on Wednesday, 10<sup>th</sup> November 2021, down to **\$72.05** at 4.30pm on Monday, 29<sup>th</sup> Nov 2021. (Oil.com)

Nigeria: Real GDP Growth Rate (%), Q1 2013 - Q3 2021



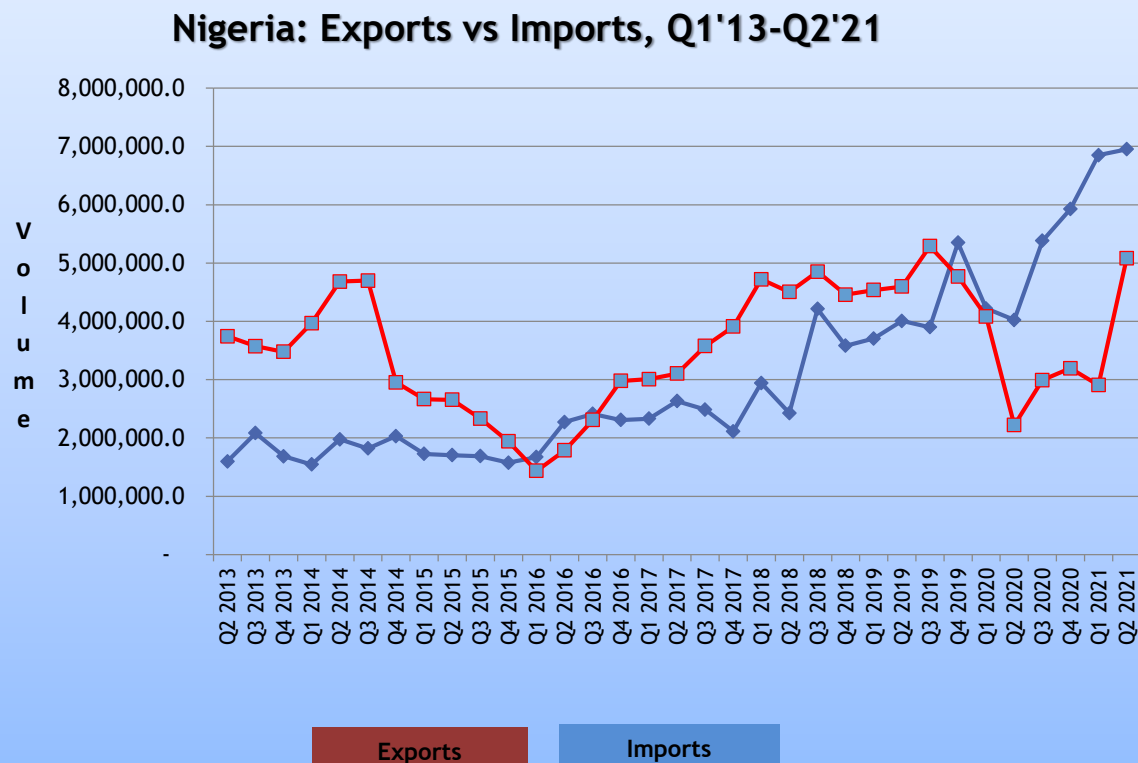
- ❑ Expected 2021 growth likely to exceed population growth rate of 2.55% in 2021.
  - ❑ Threatened though by insecurity.
- ❑ **Good prospect** for positioning.





# Nigeria: External Sector

## Heavily Import-oriented!



**Q1'2020**

Exports 50.8%  
Imports 49.2%

**Q1'2021**

Exports 29.8%  
Imports 70.2%

**Q2'2020**

Exports 43.3%  
Imports 56.7%

**Q2'2021**

Exports 42.2%  
Imports 57.8%

**Q3'2020**

Exports 35.7%  
Imports 64.3%

**Q4'2020**

Exports 35.0%  
Imports 65.0%

- ❑ **Machinery & Transport Equipment** dominate imports (36.4% in Q1'2021), followed by Chemicals & related Products (19%) and Mineral Fuel (14.3%).
- ❑ Origin topped by **China** (29.34%), followed by Netherlands (10.6%) and USA (8.9%).

**Source:**

National Bureau  
of Statistics

Foreign trade data suggests weakening:

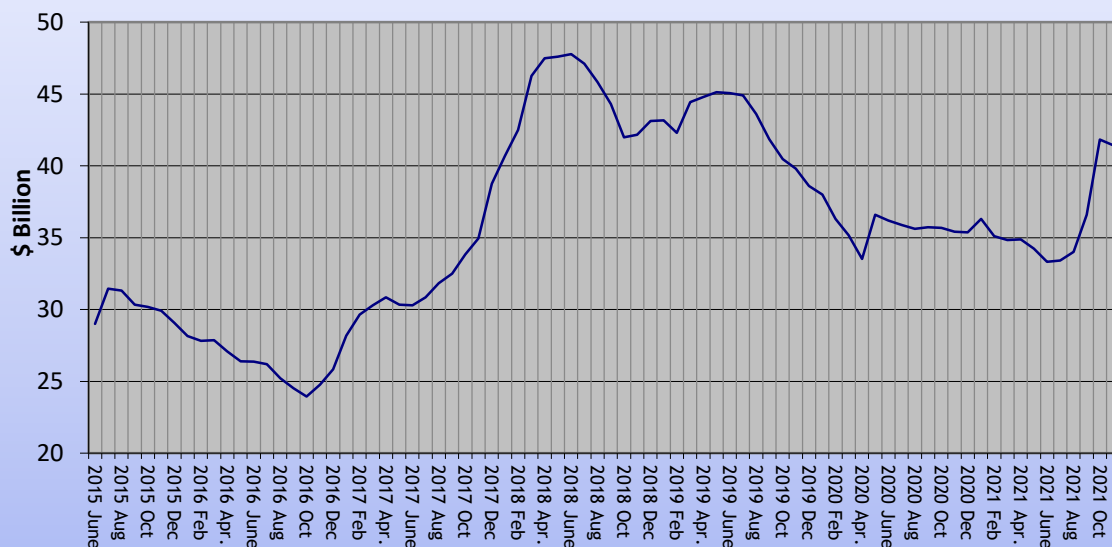
- **Imports** have **expanded strongly** to exceed **exports** during Q2'2020 to Q2'2021!
- **Imports** have not relented (even during recession), **expanding** steadily since Q2'18!



# Nigeria: External Sector (contd.)

## Capacity to Extinguish Foreign Obligations

Nigeria: External Reserves , June'15 - Nov'21



Year	₦	US\$ Equivalent
	Monthly Import	
2013	584,651.23	3,753.78
2014	614,530.88	3,657.92
2015	558,163.83	2,833.32
2016	722,027.47	2,367.30
2017	796,893.32	2,604.23
2018	1,097,093.95	3,573.60
2019	1,413,322.89	4,603.66
2020	1,629,320.92	4,287.69
H1'2021	2,300,143.91	5,608.74

- Monthly import bill of ₦2.3 trillion (or \$5.61 billion) in H1'2021.
- Liquid external reserves of **\$41.59 billion** (29<sup>th</sup> November 2021) = **7.42 months**
- Reserves improved by **17.58%** as at 29<sup>th</sup> November 2021, compared to 31<sup>st</sup> December 2020!



# Trends to Watch

## The Economist

Democracy vs autocracy

Pandemic to endemic

Inflation worries

The future of work

The new techlash

Crypto grows up

Climate crunch

Travel trouble

Space races

Political footballs



# Trends to Watch (contd.)

## Global Shift from Fossil Fuel to Clean Energy

- ❑ “Nissan, Japan’s third-largest carmaker, announced plans to invest \$17.6bn over the next five years to ramp up its **electric-vehicle** production. It hopes to launch 23 new models and generate half of its global sales from electric or hybrid vehicles by 2030. Last year the figure was only 10%.”  
**The Economist**

As part of its “Plan S” strategy, **Kia** is targeting 25% of sales to be electric by 2029.

By 2030, BMW Group aims to have over **7 million electrified vehicles on the road**, that includes a combination of plug-in hybrids and fully electric cars. BMW says two thirds of them will be all-electric variants.

**Mercedes-Benz** will go all-electric by 2025 and has big plans for electric vehicles.

Many countries have established government incentives for plug-in electric vehicles, tax credits, subsidies, and other non-monetary incentives while several countries have legislated to phase-out sales of fossil fuel cars,<sup>[6][7]</sup> to reduce air pollution and limit climate change. **Wikipedia**

**Toyota** (the largest automaker in the world) will release 70 new models by 2025, including battery-electric, hydrogen fuel cell, and gas-electric hybrids, for a range of “diverse choices” for its customers.

Following the path designed by the IEA, fossil fuels should cover only around a fifth of energy supply by **2050**, down from almost four-fifths currently. According to the IEA's roadmap, sales of new internal combustion engine passenger cars would have to end by **2035**. **Wikipedia**



## What to Do... Interpret and Act

Now that we have this much **information** and **data**, we may not agree on how to interpret them but we must respond to these realities, one way or another.







# Facing Forward

- ❑ The world that **Nigeria** operated in pre-COVID-19 pandemic is fast **disappearing**.
- ❑ The same applies to all its **constituents**.
- ❑ Question: What needs to **change** now as **Nigeria** readies for the **next normal**?





# Growing Non-Oil Exports

## Focus/orientation!!!

- Export-led growth (Germany, Japan and China).
- Services delivery, especially tourism (France, Spain and United States are top-3, while Dubai has been advancing strongly in the last 32 years).







## Growing Non-Oil Exports (contd.)

What are  
the  
dominant  
imports by  
African  
countries?

- Which countries are of interest?  
Size of the economy and income?  
Population distribution?
- Where do they import from at the moment?
- Why from those countries?
- Why should they switch to Nigeria?



# Growing Non-oil Exports (contd.)

## Selected African Countries and their Imports

Country	Top-10 Imports
South Africa	Mineral fuels (including oil), Machinery (including computers), Electrical machinery & equipment, Vehicles, Pharmaceuticals, Plastics & plastic articles, Optical, technical & medical apparatus, Other chemical goods, Organic chemicals, and Inorganic chemicals.
Egypt	Machinery (including computers), Electrical machinery & equipment, Mineral fuels (including oil), Vehicles, Cereals, Plastics & plastic articles, Iron & steel, Pharmaceuticals, Optical, technical & medical apparatus, and Aircraft & spacecraft.
Algeria	Mineral fuels (including oil), Fertilizers, Inorganic chemicals, Sugar & sugar confectionery, Fruits & nuts, Salt, sulphur, stone & cement, Iron & steel, Machinery (including computers), Organic chemicals, and Fish.
Morocco	Electrical machinery & equipment, Vehicles, Fertilizers, Clothing & accessories, Fruits & nuts, Vegetables, Fish, Inorganic chemicals, Aircraft & spacecraft, and Salt, sulphur, stone & cement.
Kenya	Mineral fuels including oil, Machinery including computers, Electrical machinery & equipment, Vehicles, Iron & Steel, Plastics & plastic articles, Animal/vegetable fats, oils, waxes, Cereals, Pharmaceuticals, and Articles of iron or steel.
Angola	Mineral fuels including oil, Gems & precious metals, Salt, sulphur, stone & cement, Fish, Machinery including computers, Wood, Copper, Food industry waste & animal fodder, Aluminum, and Iron & steel.
Ethiopia	Machinery including computers, Mineral fuels including oil, Electrical machinery & equipment, Vehicles, Animal/vegetable fats, oils, waxes, Cereals, Iron & steel, Plastics & plastic articles, Pharmaceuticals, and Fertilizers.
Ghana	Gems, precious metals, Mineral fuels including oil, Cocoa, Fruits, nuts, Ores, slag, ash, Animal/vegetable fats, oils, waxes, Wood, Meat/seafood preparations, Rubber, rubber articles, and Aluminum.
Tanzania	Gems, precious metals, Copper, Ores, slag, ash, Fruits, nuts, Oil seeds, Vegetables, Coffee, tea, spices, Tobacco, manufactured substitutes, Cereals, and Fish.
Cote D'Ivoire	Cocoa, Mineral fuels including oil, Rubber, rubber articles, Gems, precious metals, Fruits, nuts, Ores, slag, ash, Cotton, Wood, Meat/seafood preparations, and Animal/vegetable fats, oils, waxes.



## Growing Non-Oil Exports (contd.)

❑ “Ghana, Benin, Togo, and Senegal export more manufactured goods and machinery within West Africa than they do in their trading relations outside the region.”

❑ **Afrexim Bank**

❑ Transforming African Trade

❑ “History of African Trade”

❑ Emmanuel Akyeampong

❑ Harvard University



# Growing Non-Oil Exports (contd.)

- ❑ What are the dominant imports by selected non-African countries?
  - ❑ Which countries are of interest? (Major trading partners? Some existing relationship? Changing consumer behaviour and lifestyle?)
  - ❑ Where do they import from right now?
  - ❑ Why from those countries?
  - ❑ Why should they switch to Nigeria?



# End Notes

Change orientation: export-led growth or import substitution?

Build supporting infrastructure. China did that deliberately from 2004.

Set aggressive targets.

Implement and rigorously measure.



**If Nigeria doesn't act,  
other African countries  
will act on us!**



**Thank you**  
**God bless you more**



**B. Adedipe Associates Limited**  
**Lateef Jakande House (3<sup>rd</sup> Floor)**  
**3/5, Adeyemo Alakija Street**  
**PO Box 73983, Victoria Island, Lagos**  
**+234-9021150255**  
**info@baaconsult.com.ng**  
**www.baaconsult.com.ng**

**Dr. 'Biodun Adedipe, FCIB, MloD, FIMC, FERP**  
**+234-8023061981**  
**bioduna@baaconsult.com.ng**  
**biodun\_adedipe@yahoo.com**

**Mrs. 'Laide John, B.Sc., M.Sc., MloD**  
**+234-7011880086**  
**laidej@baaconsult.com.ng**  
**olaideadeshola@yahoo.com**



# The Role of NEPC in Building Sustainable Non-Oil Export, Harnessing AfCFTA & Agro Commodities

@

## FIRST BANK EXPORT SEMINAR SERIES 2021



Dr. Ezra Yakusak  
Executive Director/CEO  
Nigerian Export Promotion Council

30th November, 2021



Partners®





### *VISION STATEMENT:*

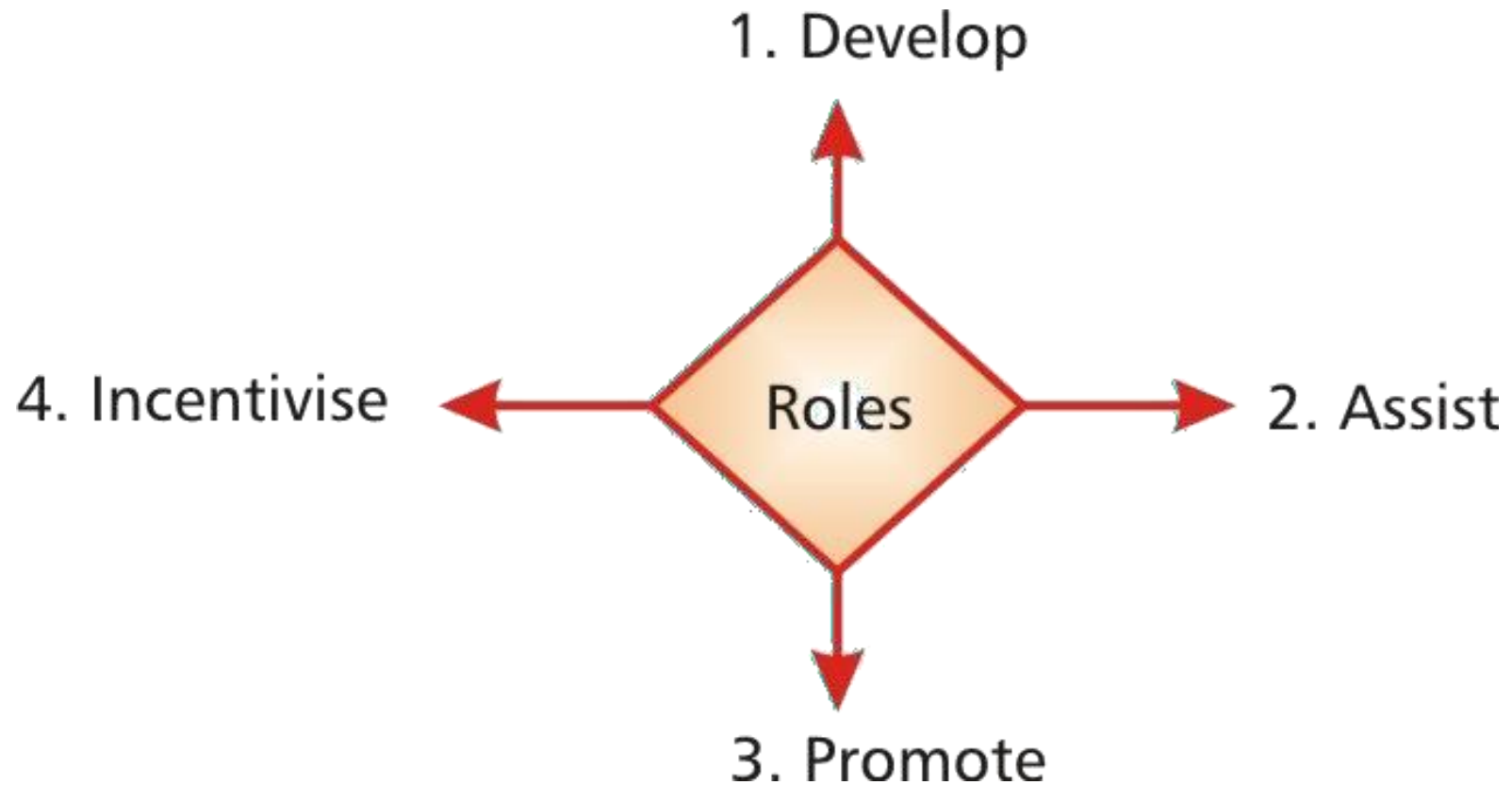
*To make the world a market place for Nigerian non-oil goods and services.*

### *MISSION STATEMENT:*

*To spearhead the diversification of the Nigerian economy by expanding and increasing non-oil exports for sustainable and inclusive growth.*

▪

## **THE ROLE OF NEPC IS 4-PRONGED IN NATURE:**





# Now We Have AfCFTA



GIANT OF AFRICA

**Africa's largest economy is finally backing the continent's plans for a single free trade market**

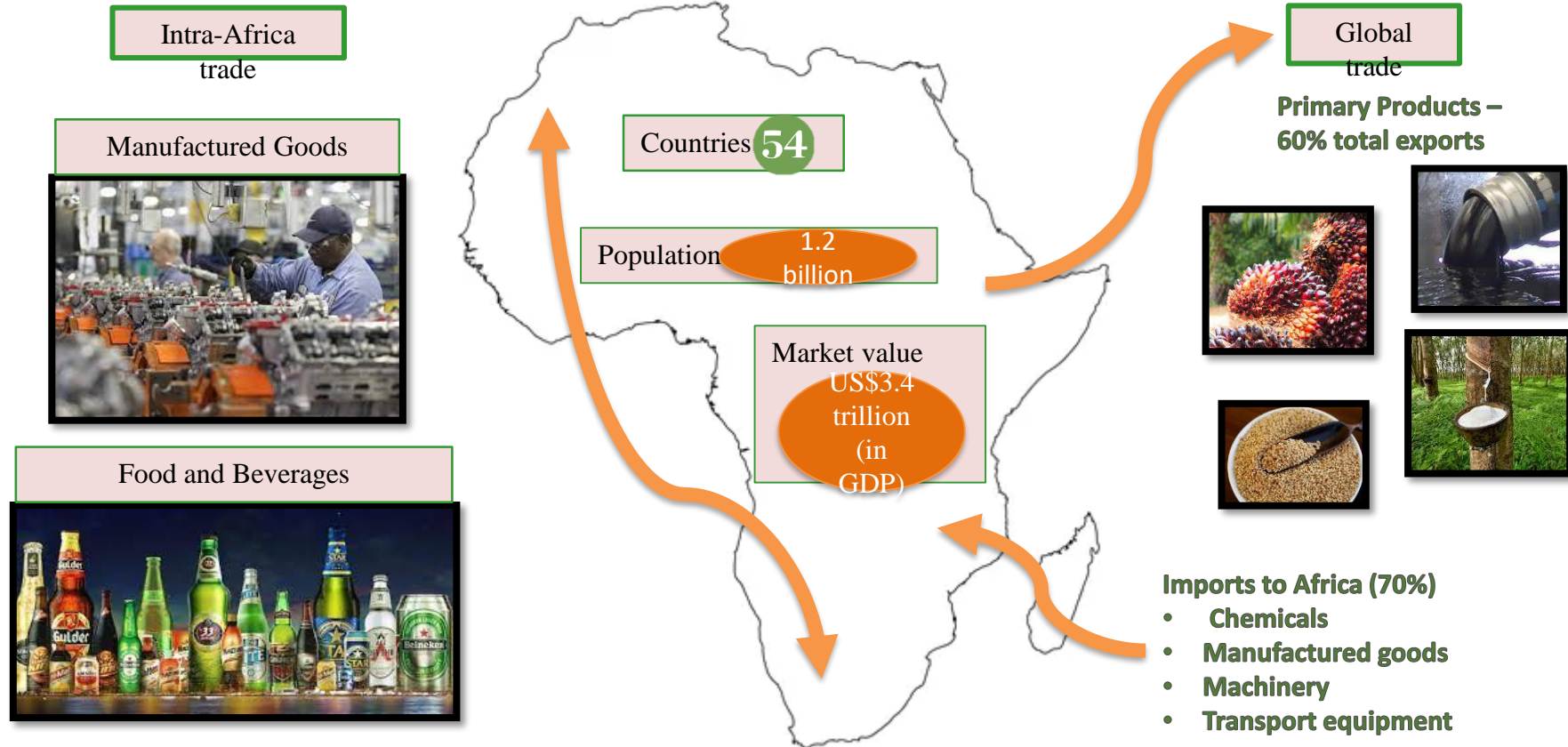


- Market of 1.2 billion people
- Combined GDP of \$3 trillion.
- Huge potential for Nigeria to increase its exports to Africa



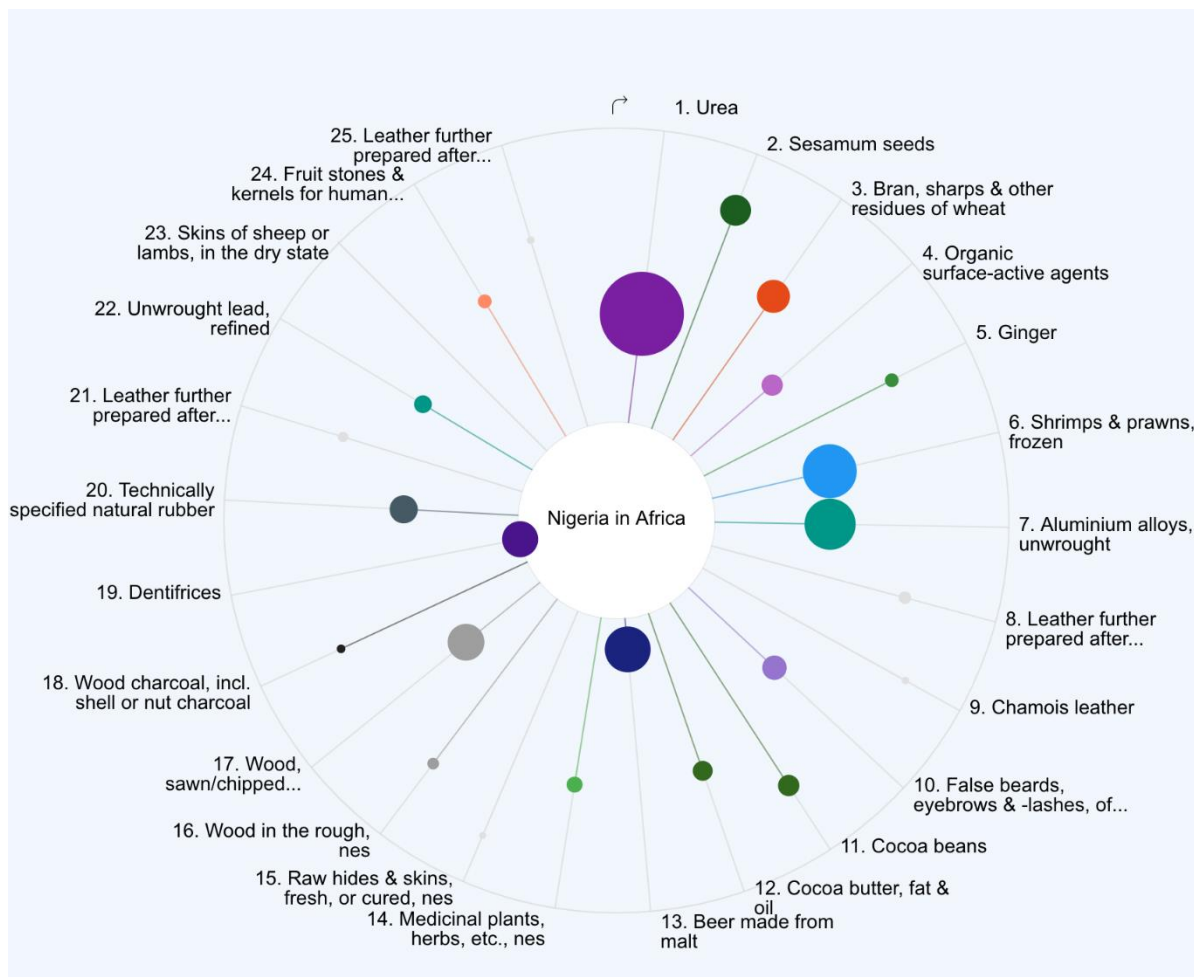
# African Continental Free Trade Area (AfCFTA)

## OPPORTUNITIES IN THE AFRICAN MARKET





# Nigeria's potential in Africa



- Using the International Trade Centre's Export Potential tool, NEPC has identified some further areas of untapped potential for Nigeria in Africa.
- These include products such as urea (fertilizer) and sesame.
- Strategic markets for these products include Côte d'Ivoire, Cameroon, South Africa, Egypt, and Morocco.



# AfCFTA Implementation

## *Our national AfCFTA Aspirations*



***Success with AfCFTA is a diversified and sustainable Nigerian economy with strong linkages with neighbours and the top economies in Africa and a globally accepted country brand.***

***Our AfCFTA mission is to:***



*Grow Nigeria's intra-Africa trade to \$50bn by 2035*



*Become premier choice for products, services and investments in Africa*



*Project economic leadership through strength of regional value chains*



*Create jobs across every socio-economic class*

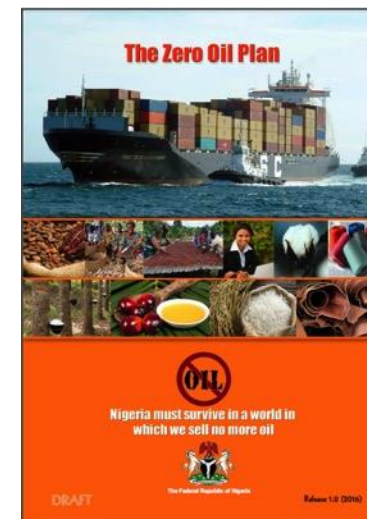
***We are leveraging AfCFTA to prepare for a post oil revenue driven society...the transformation transcends economic changes (includes mindset change)***



# The Zero Oil Plan



- NEPC developed the Zero Oil Plan in response to the recession in 2016 following the crash in international crude oil prices.
- The Zero Oil Plan prepares Nigeria for a world in which crude oil is **less relevant**.
- The Ministry of Budget and National Planning integrated the Plan as a core component of the Federal Government's **Economic Recovery and Growth Plan (ERGP)**, which was launched by the President in February 2017.



The Zero Oil Plan is a strategy for boosting foreign exchange through the non-oil sector, mainly through:



- i. Rolling out export policies for 22 major products that could generate up to US\$30 billion in foreign exchange a year: **cotton, rice, leather, gold, soya, sugar, cocoa, petrochemicals, fertiliser, palm oil, rubber, cement, tomato, banana, oranges, cashew, cassava, sesame, spices, ginger, shea butter and cowpea.**
- ii. Commencing export projects and investment tracking in each State of the Federation as part of the **“One State One Product” (OSOP)** scheme.





# Non-Oil Export Initiatives to Facilitate AfCFTA



## Preparing and Positioning SMEs For Africa Continental Free Trade Area (AfCFTA)

- Technical sessions for selected SMEs to develop their market entry strategies and the utilization of existing quality and food safety certifications in successful export marketing
- Sessions organized in three (6) of the geo-political zones for the first phase

## Export Competency Development Programmes

- To build the capacity of SMEs with requisite skills to penetrate the international export market

## NEPC/GIZ Nigeria Competitiveness Project (NICOP)

- To assist SMEs to secure Hazard Analysis and Critical Control Point (HACCP) Certification in order to facilitate access to certified niche export markets



## Cont'd



### **Value Chain Export Development of Non-Oil Exportable Products:**

- To build the capacity of value chain operators in the agricultural sector and provide technical support to small holders.

### **Market Access and Linkage Programme:**

- To further expose exporters, showcase Nigeria products to the outside world and subsequently facilitate business transactions and generate orders.

### **Zero to Export Capacity Building Programmes & Export Clinic:**

To train and bring up newly registered exporters on the practices and requirements for a successful export business.



# Implementation of Export Incentives



## Export Expansion Grant

- Post-shipment incentive designed to expand export volumes.
- Exporters can get a maximum of 10% of their annual export value, which can be used for:
  - ✓ Paying all taxes (except PAYE), offsetting government loans, buying government bonds.
- Payment of EEG is through the use of Export Credit Certificates (ECC).
- The backlog of debt on the EEG is to be settled using promissory notes from the Federal Government.



# Implementation of Export Incentives



## Export Development Fund

- Prepare, facilitate and support exporters to penetrate global markets.
- Provide support for product development and market access for new exporters through:
  1. Providing export promotion training.
  2. Exposure to trade fair participation and trade missions.
  3. Gathering of trade information and intelligence, and provision of logistic support.
- The EDF is a strong opportunity to assist in funding and develop the capabilities of Nigerian exporters.



# Export Expansion Facility Programme (EEFP)



- **To stimulate non-oil export, safeguard jobs and protect businesses from the adverse effects of Covid-19**  
**Established Steering Committee to implement the facility.**
- Disbursement of facilities as COVID-19 Relief Grant
- Disbursement of facilities as Export Development Fund



## List of Exportable Products

### Agricultural Commodities:

- Cocoa: Main and Light Crops
- Edible Nuts : Cashew, Ground nuts, Walnuts
- Gum Arabic: Grade 1-3
- Tubers: Cassava (Chips, Pellets, Flour, Starch), Yam, Cocoyam, Potatoes
- Spices: Chilies, Ginger (Dried Split) Pepper, Cloves
- Crude Drugs: Kolanuts (fresh & dried), Bitter Kola
- Natural Fibers: Cotton, Jute, Coconut Fibers





## Cont'd

### **Horticultural Products:**

- Fruits: Avocados, Banana, Guava, Lemon, Mangoes, Oranges, Pawpaw, Pineapples, Plantains, Tomatoes, Soursop
- Vegetables: Asparagus, Beans, Baby Corn, Beetroot, Carrots, Cucumber, Garlic, Lettuce, Mushroom, Okra, Onions, Spinach, Turmeric, Hibiscus Sorrel (Red & White)
- Cut Flowers: Roses
- Oil Seed: Coconut (Fresh), Shea nuts, Shea butter, Coffee (Arabica/Robusta), Sesame seed (Beni seed), Egusi (Melon)
- Medicinal Herbs: Neem, Garlic, Aloe Vera



# Readiness Requirement on Agro-Commodities



**Adopting Good Agricultural Practices (GAP), Good Warehouse & Storage Practices (GWP/GSP) and appropriate logistical mode and practices shall be achieved by :**

- Assessment and profiling of operators along the value chains and existing critical infrastructure that support SPS issues.
- Audit of exporters and input suppliers ( Farmers, aggregators, processors and exporters) to determine their business readiness.
- Skill enhancement and development of stakeholders and value chain operators on SPS issues.
- Study tour and demonstration workshop for stakeholders.
- Establishing of Common Facility Centre (CFC) and appropriate logistic and transit mode (cold chain facilities and temperature regulated warehouses).
- Monitoring and Evaluation to ascertain progress and workability of strategy and feedback from stakeholders.



# On-going government projects



Project	Objective	Partners
<b>Domestic Export Warehouse (DEW)/Aggregation Centres</b>	To reduce the cost of doing business by MSMEs Exporting companies through Domestic Export Warehouse Initiative	NEPC, NEXIM, NEPZA, NAQS, SON, NCX
<b>Establishment of an Export Trading Company (ETC)</b>	To expand the volume & value of export transactions and trade operations.	NSIA, NEXIM, NEPC, BOI, NCX, FACAN
<b>Anchor Borrower Programme for Exporters (ABPE)</b>	i.To support major of-takers from MSMEs for export ii.To boost production of selected products for export	CBN, NAICON, NEPC, NEXIM, NIRSAL, State Govts.



# On-going government projects



Project	Objective	Partners
<b>Increased production of “quick wins” in the agricultural value chain</b>	Prioritize increased production of short gestation crops, which can be grown in the current crop season to seize the opportunity of securing export orders in 2021. These crops include sesame, ginger, garlic, and dried hibiscus.	FMoA, NEPC, FACAN, State Govts.
<b>Capacity building for quality and standards for selected value chains</b>	To ramp up production of exportable products in line with buyers requirements/international certification. To move up agricultural value chains, producing fully processed agricultural products.	NEPC, NEXIM, NEPZA, FACAN, FMoA
<b>Establishment of Nigerian Trade Houses in Lomé, Togo</b>	To provide a permanent avenue where Nigerian manufactured goods can be made available and marketed to the ECOWAS market, deepening intra-regional cooperation.	NEPC, NEXPOTRADE



# Readiness Requirement on State Trading Enterprises



**To expand the volume and value of export transactions and trade operations in Nigeria and provide reliable data on export transactions (total disclosure of export products/services, volume, value, partners and destinations) :**

- Establish and seed fund for Export Trading Company of Nigeria (to expand volumes of export transactions and trade in partnership with established private players)
- Implement a roll out plan that tracks actual export projects
- Establish a database of operators and stakeholders along the value chain.
- Profiling of stakeholders and operators
- Skill building and development of stakeholders across value chain.
- Provision of infrastructure and technical equipment for data gathering, collation, analysis and dissemination.





## Value-Chain Development

### Cassava Value Chain:



### Sesame Value Chain:







# Potentials in Horticultural Sector: Tomato Value Chain



## Tomato products:

- ☐ As Nigeria imports at least 400,000 tonnes of tomato paste annually, there is a huge opportunity for manufacturers that can get it right both in the Nigerian and African markets.
- ☐ Massive agricultural production of tomato in Kano and Benue during peak season
- ☐ Wastage due to post-harvest losses
- ☐ Need for massive investment in processing or cold storage facilities



- Tomatoes and pepper can be exported after basic transformation. Tomato paste, in particular, has a high demand both locally and internationally

## Tomato Value Chain:





**Chilli Value Chain:**







- **Tree crops** such as mangoes, cashew and oranges offer good investment opportunities in the production of juices and jams, and can equally be processed as sliced dried fruit or paste for exports. Cashew nuts are already in very high demand even without processing

Cashew Value Chain:





## Orange Value Chain:





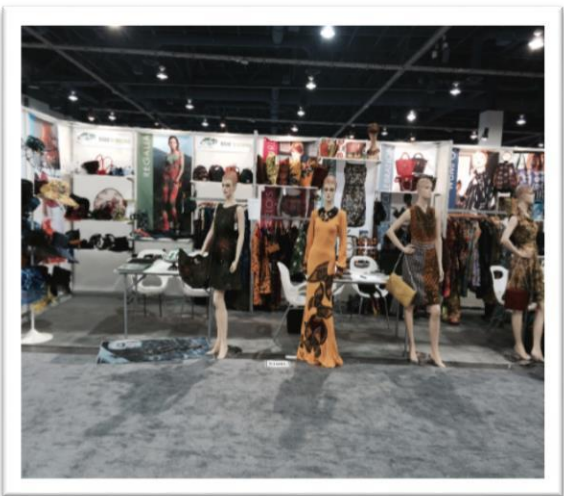
## Moringa Value Chain:







# Cotton And Textiles Value Chain





## Packaging as an Essential to Value Addition

An aspect of export which value cannot be over-emphasized is the packaging of products for export. This can be viewed from different angles based on the application at hand.

- Packaging can be a means of goods conveyance for easy handling and protection.
- Packaging can be for aesthetic reasons in ensuring beautiful appearance for products
- Packaging can also be for further functional and additional usage.





Packaged Garri



Packaged Palm Oil





## Packaging Of Fruit and Vegetable







# HANDLING OF BANANA IN NIGERIA







Well packaged bananas







# HANDLING OF BANANA IN PHILIPPINES & CAMEROON







# Packaging of Yams from Nassarawa State





# Packaging of Benue yam for export in Zaki Biam, Benue State







## **The Economy of Value Addition**

Global Value-Chains are becoming increasingly ‘buyer-driven’ and are determined by “ Value-Chains Specific Quality Attributes” characterized by:

- Embedded complex quality information e.g. nutritional facts, ingredients manufacturing details etc.
- Globally accepted standards and codification e.g. bar coding
- Certification and procedures e.g. Free Trade & Universal Trade Zone

With this, products tend to attract more price premium.



# International certification



- The AfCFTA represents a major opportunity for Nigerian exporters in part due to the lower standards requirements on the continent.
- However, international certification remains important in the African market, particularly in major economies such as South Africa and Egypt.
- HACCP and organic certification trainings are ongoing with technical partners. GIZ, BDHC, ECOWAS, CBI, UNIDO, NiCERT etc.
- Global Gap, IFS, Fair trade, Kosher, ISO etc. trainings will commence soon.





# Value addition-Cassava







# Value addition- Ginger





# Value addition- Shea





# International Trade Centre and Afrexim Pilot Programme



- NEPC is working closely with the ITC and Afrexim Bank to ensure Nigeria is ready for the AfCFTA; especially on the Export Trading Company.
- We are one of three countries, together with Cote D'Ivoire and Rwanda, selected for the ITC's pilot project designed to boost intra-African market access.
- The project will be held through the ITC's "SME Trade Academy". Training programmes will be designed for both NEPC staff and selected SMEs.





# Leveraging e-commerce



- Many businesses in Nigeria are among the **top sellers** in Africa on social media platforms.
- E-commerce has only **increased in importance** following the pandemic as online sales increasingly replace store visits around the world.
- NEPC has partnered with **UPS** to support Nigerian SMEs with competitive rates for logistics/air freighting for trade fairs, and with warehousing needs.
- **UPS** is one of the world's leading e-commerce logistics providers and Nigerian SMEs should look to key into their wealth of **knowledge** and **experience**





# WTPO 2018 award



Winner of the WTPO 2018 award “Best initiative to make trade inclusive and sustainable” for our Zero-to-Export Capacity Building Programme



From left to right: Ms Arancha Gonzalez (ED of the ITC), Mr Olusegun Awolowo (CEO/ED of the NEPC), Mr Christophe Lecourtier (DG of Business France)

From left to right: Ms Arancha Gonzalez (ED of the ITC), Dr Modupe Irele (Nigerian ambassador to France), Mr Olusegun Awolowo (CEO/ED of the NEPC), Mr Christophe Lecourtier (DG of Business France)





## Strategy on a page...



We deliver value to all internationalizing firms, but to deliver best results our priorities are:

### Customer Segments:

Active exporters  
New exporters  
Non exporters  
Lapsed exporters

### Sectors:

Cocoa  
Petrochemicals  
Leather & Hides  
Services  
Cashew  
Processed foods  
Gold  
Soya bean  
Hibiscus  
Shrimps  
Garments,  
Tiger nuts  
Peanuts

### Markets:

Europe  
Asia  
Africa  
North America



## Our Mission is ...

To spearhead the diversification of the Nigerian economy by expanding and increasing non-oil exports for sustainable and inclusive economic growth.

## We will...

support your business to grow and sell abroad by giving you access to valuable trade information and networks. We will work with you to build your export competitiveness and ensure your goods and services are ready for the international markets. Partner with us to showcase your business to the world.

## So that we reach our vision ...

To make the world a market place for Nigerian non-oil goods and services

contributing... \$30bn annually to Nigeria's GDP

### Our performance rests on 4 strategic objectives for delivery excellence:

#### Strategic Pillar 1 - Encourage new exporters, Women & Diversify sectors:

**Action 1.1** Export readiness check/Export audit

**Action 1.2** Competency development

**Action 1.3** Value chain product product development training & adaptation

**Action 1.4** Quality MGT Systems & Certification

**Action 1.5** Trade Shows, B2B, Missions, Match making

**Action 1.6** Women & Youths

#### Strategic Pillar 2 - Support regular sustainable exports:

**Action 2.1** Competency development, capacity building & training

**Action 2.2** Quality Mgt. systems & certification

**Action 2.3** Trade Information & Trade complaints

**Action 2.4** E-tools, online platform, e-visibility

**Action 2.5** Trade shows, B2B, Missions, Match

#### Strategic Pillar 3 - Diversify Markets:

**Action 3.1** Export Market research and Profiling

**Action 3.2** Export Marketing Training/ Seminar

**Action 3.3** Trade Shows, B2B, Missions, Match making

#### Strategic Pillar 4 - Build Strategic Partnerships

**Action 4.1** Partner with States to develop Export Market Strategies under One State One Product

**Action 4.2** Partner with Private Sector Organizations

**Action 4.3** Partner with Government Agencies for Initiatives development & Implementation

**Action 4.4** Coordinate initiatives with development partners

### Internal strategic Objective 5 Institutional Strengthening

Action 5.1 Strategize

Action 5.2 Modernize

Action 5.3 Communicate

Action 5.4 Measure

We have succeeded when:

**KPI 1** - # companies trained to export + Women + new products H3

**KPI 2**: % of companies which would have obtained Quality certification following NEPC services

**KPI 3**: # of companies that participated in NEPC trade events

**KPI 4**: % of export deals generated by NEPC trade events which have been executed by NEPC clients

**KPI 5**: # of Market research reports produced on: New markets in H3+ Africa

**KPI 6**: # of states that have developed Export Market Strategy under the One State One Product





# Thank you for listening.

*Export Business...Tomorrow's Business*



# SENSITIZATION OF EXPORTERS

## EXPORT PROCEDURES AND AfCFA

By

**Compt. MI YUSUF – CAC APAPA**

This is a confidential document intended for the use and information of the Officers to whom it is addressed and implementing. partners





## Outline of Presentation

- ➡ **Introduction**
- ➡ **Export procedures**
- ➡ **Form NXP Automation / Trade Monitoring System**
- ➡ **AfCFTA and its Advantages**
- ➡ **Challenges of Exporters in the Trade Supply Chain**
- ➡ **Summary/Conclusion**



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# Introduction

- ❑ The ever dwindling fortune and future of oil as the mainstay of the Nigerian economy calls for sustained and deeper focus on Non-oil export as a panacea for Employment Generation and Foreign Exchange Earnings.
- ❑ The Nigeria Customs Service has vital roles and responsibilities in the entire export transactions with regards to records, (1) processes (2) documentation and (3) statistical record of all export shipments .
- ❑ NCS provides the necessary link relating to legal requirements and controls of all export transaction particularly in the area of documentation and processes.



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## What is Export?: Conceptual Clarification

- ❑ An export can be defined as any goods and services that are transported and conveyed to other countries from Nigeria through Customs approved routes while strictly adhering to guidelines on export procedures. The Customs approved routes can be seaports, airports or by land borders depending on the means of transport used, i.e. ships, aircraft and trucks.





## LEGAL BACKGROUND:

- ❑ The relevant laws relating to export are found in sections 50, 57, 58, 59 and 60 of the Customs and Excise Management Act (CEMA) Cap C45 LFN 2004
- ❑ Section 50 of extant Customs and Excise Management Act (CEMA) CAP C45 (LFN) 2004 states inter alia, that:

“Before any goods are loaded into any ship or aircraft for exportation or as stores for use on a voyage or flight to an eventual destination outside Nigeria or are removed from any Customs Station for exportation, the exporter shall deliver to the proper officer an entry (SGD) with full details of intending cargo export stating the destination country of export and other regulating document ...”



## TYPES OF EXPORTS:

There are two types of exports under the Federal Ministry of Finance Export Guidelines for export procedures:

**a. Commercial Exports:** it consist of oil including its derivatives and non oil or dried cargo exported from Nigeria to other countries in bulk for commercial purposes. Examples of commercial export goods are:

☐ Oils: Crude oil, Refined oil, Natural liquefied Gas (NLG)

☐ Dry Cargo: Cocoa beans, Sesame seeds, Enamel wears, Nigerian cottons, Processed leather etc.

**b. Non-Commercial Exports:** They are goods or any articles exported to other countries for purpose other than trade. The procedure does not require the use of NXP form because no proceeds are expected by the exporter from the transaction.



## **EXPORT documentation:**

There are a number of documents that an exporter or his agent must produce as required under the export procedure guidelines. These are:-

- ☐ SGD form C2010
- ☐ Nigeria export promotion Council Certificate (NEPC)
- ☐ Nigeria Export Proceeds form (NXP)
- ☐ Clean Report of inspection (CCI) and Request for information (RFI)
- ☐ Non-commercial Export form (NCX)
- ☐ Specific certificate from regulatory agencies concerned, e.g SON, NAFDAC, etc.
- ☐ Shipping documents –i.e bill of lading, bill of Exit, Ship's Manifest etc.
- ☐ Attested and final invoice.

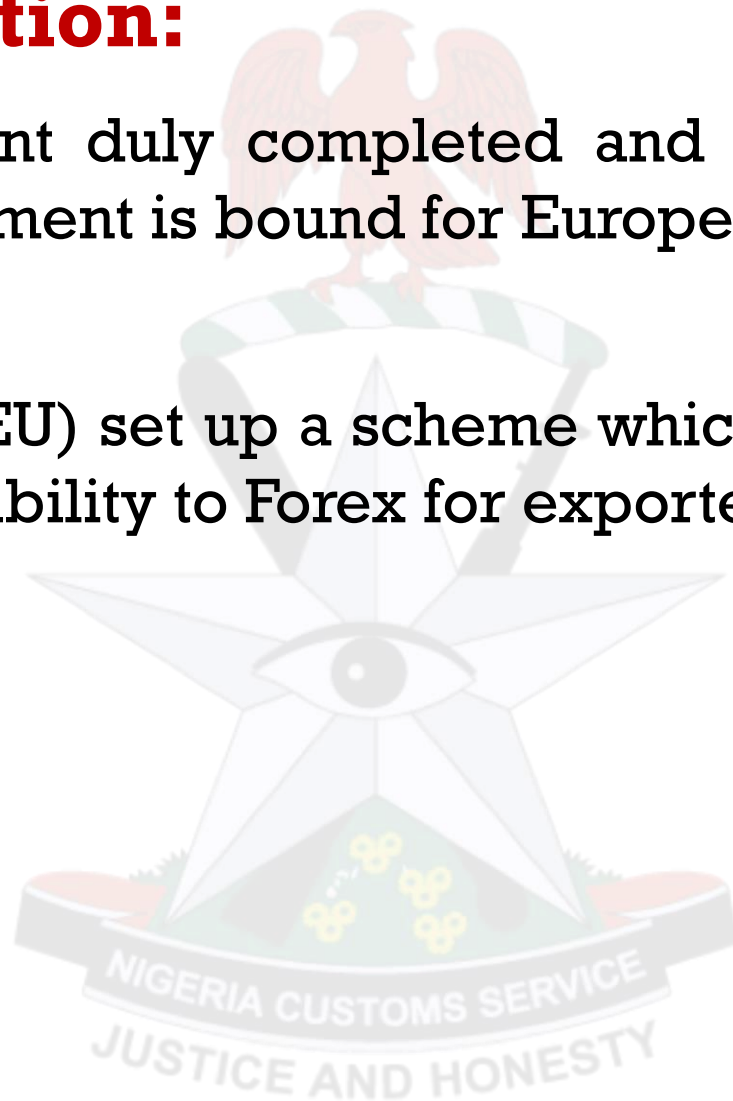




## EXPORT documentation:

❑ EUR 1 form: is a document duly completed and signed and submitted by an exporter whose export shipment is bound for Europe.

Notes: The European Union (EU) set up a scheme which provides incentives, such as cash duty waivers and accessibility to Forex for exporters to EU countries.





## EXPORT PROHIBITION LIST:

The export prohibition list includes the following:-

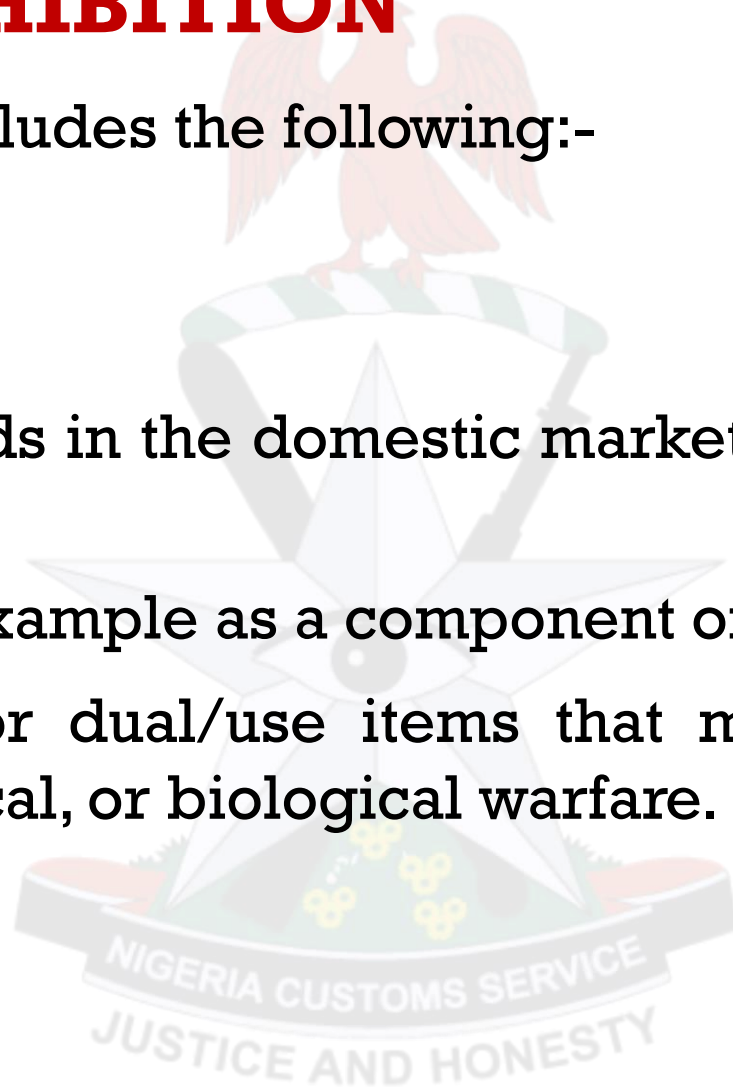
- ☐ Maize
- ☐ Unprocessed Rubber latex and lump
- ☐ Timber (Rough/Sawn)
- ☐ Scrap Metals
- ☐ v) Artifacts & Antiquities
- ☐ vi) Wildlife animals classified as endangered species and their products, ie. Crocodile, Elephant, Lizard, Eagle, Monkey, Zebra (CITES)
- ☐ vii) All goods imported.
- ☐ viii) Raw hides and skin (Including wet Blue all unfinished leather) its code 4101 – 2000.00 – 4108 – 9200.00



## REASONS FOR PROHIBITION

The export prohibition list includes the following:-

- ☐ To encourage local industry
- ☐ To provide employment
- ☐ To prevent shortage of goods in the domestic market because it is more profitable to export
- ☐ As part foreign policy, for example as a component of trade sanction.
- ☐ To limit or restrict arms or dual/use items that may be used in proliferation, terrorism or nuclear, chemical, or biological warfare.

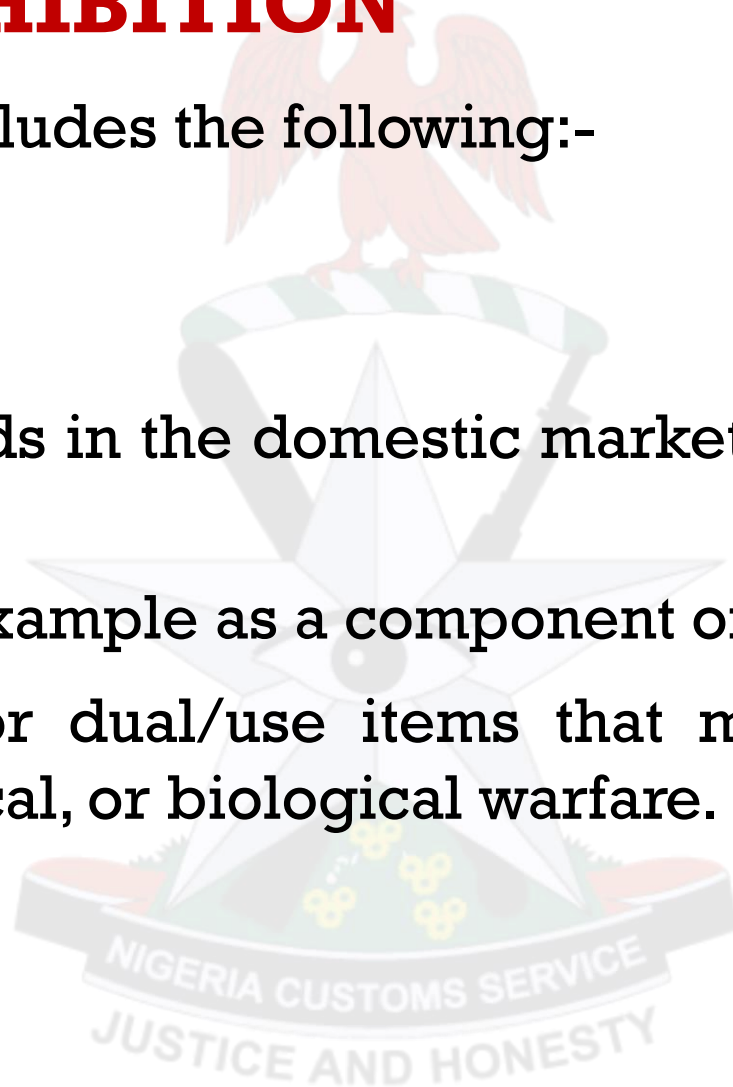




## REASONS FOR PROHIBITION

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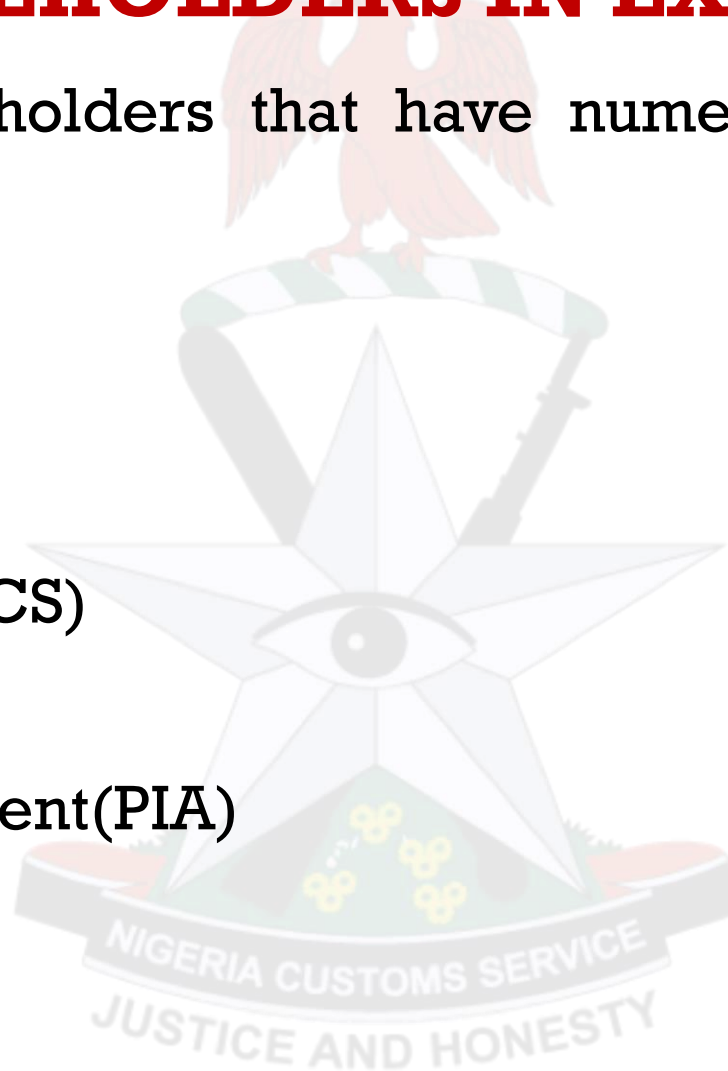




## THE ROLE OF STAKEHOLDERS IN EXPORTS

The following are the stakeholders that have numerous roles to play in export documentation:

- ☐ Exporters
- ☐ Authorized banks
- ☐ Shipping agencies
- ☐ Nigeria customs Service (NCS)
- ☐ Customs licensed Agent
- ☐ Pre-shipment Inspection Agent(PIA)

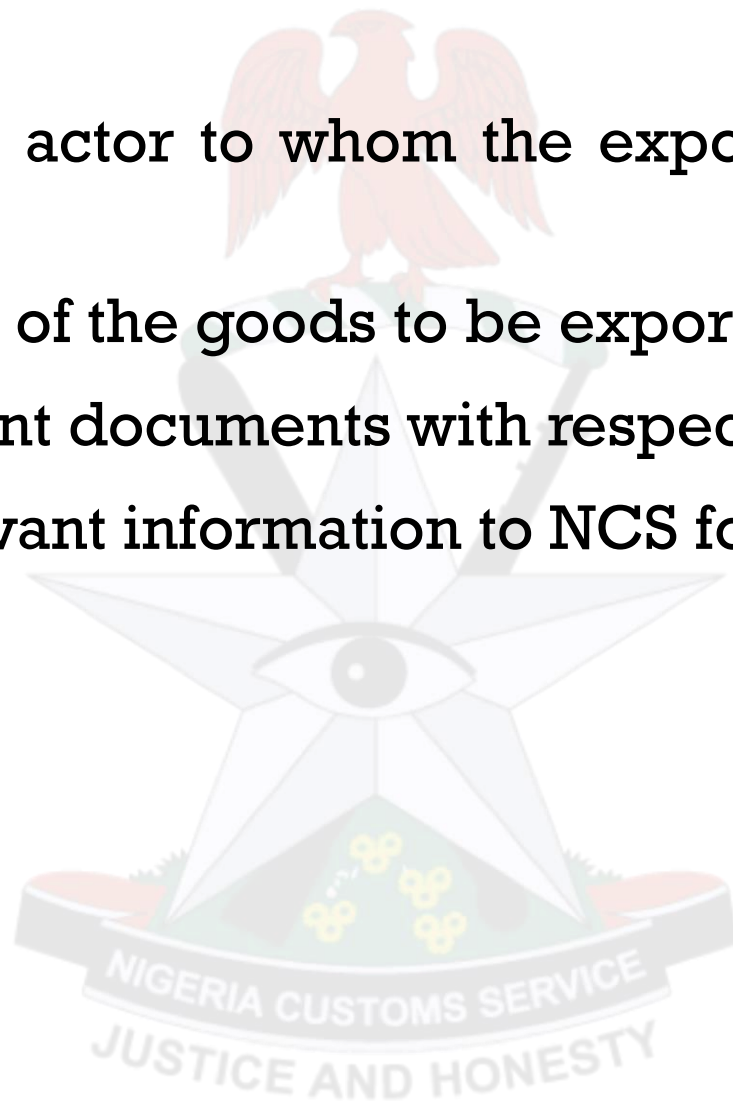




## THE EXPORTER

The exporter is the principal actor to whom the export shipment is attributed and has the following roles:-

- ☐ Exporter makes declaration of the goods to be exported
- ☐ Exporter presents all relevant documents with respect to the consignments
- ☐ The exporter furnishes relevant information to NCS for clearance purposes.





## THE AUTHORIZED DEALER BANKS

The role of the Central Bank (CBN) and Commercial Banks in relation to export procedures includes:

- ☐ The CBN is the sole institution that permits and issues NXP forms to commercial Banks for use by exporters
- ☐ CBN monitors and ensures repatriation of export proceeds within the mandatory period.
- ☐ CBN issues directives on export incentives in the form of credit facility.
- ☐ The Commercial Banks act as agent of exporters
- ☐ Commercial Banks act as trade facilitators by providing credit facilities to exporters
- ☐ Commercial Banks report to CBN immediately repatriation of any shipment is made.



## SHIPPING AGENTS (AGENCIES)

The shipping Agents/Agencies are responsible for the following:-

- ☐ Preparation of bills of lading/ships Manifest.
- ☐ Preparation of bills of exit
- ☐ Act as agent to exporters







## PRE-SHIPMENT INSPECTION AGENT (PIA)

All commercial exports are subject to inspection and examination by Export inspection agencies appointed by the government. Their primary roles are to inspect and examine all commercial exports with a view to ensuring that:-

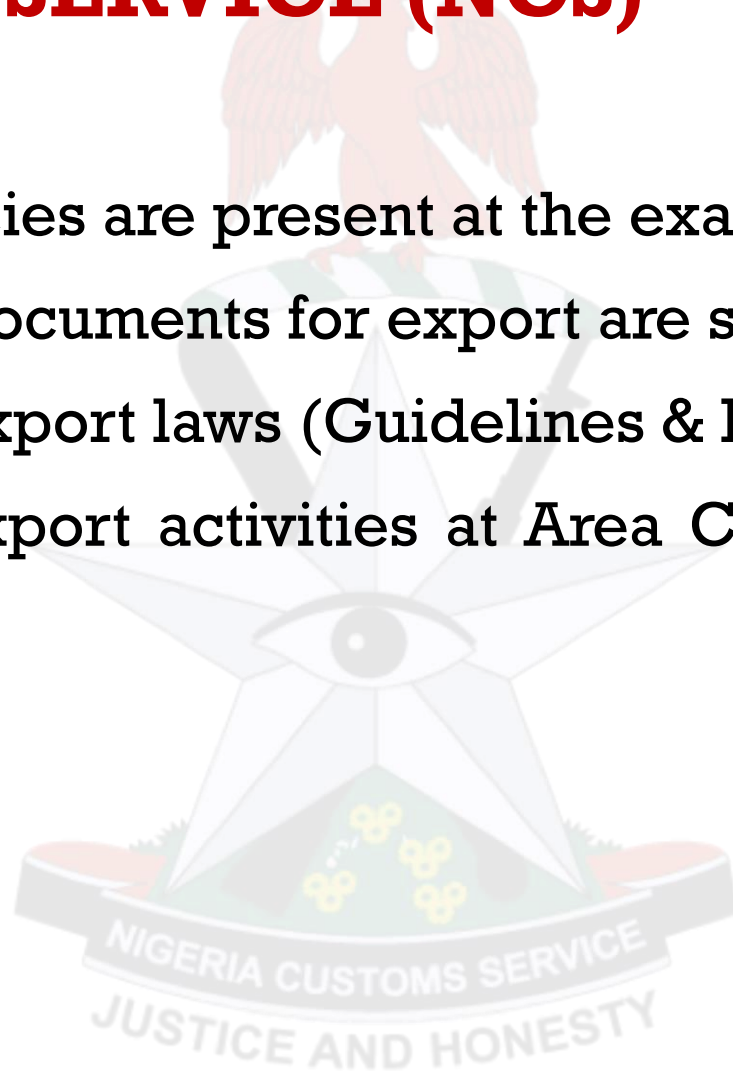
- ☐ The quantity inspected is correct
- ☐ The quality of the product meets the required standard,
- ☐ The actual FOB value of the export product is assessed correctly.
- ☐ The agency charges 0.5% of the FOB value, known as Nigeria Export Supervision scheme fees (NESS).
- ☐ Issue a clean certificate of inspection (CCI) when the inspection is satisfactory.
- ☐ The agency dispatched the CCI and a set of NXP form to NCS for final shipment authorization.



## **NIGERIA CUSTOMS SERVICE (NCS)**

The roles of NCS are:-

- ☐ To ensure all relevant agencies are present at the examination bay for inspection.
- ☐ To ensure that all relevant documents for export are submitted
- ☐ To ensure enforcement of export laws (Guidelines & Regulations)
- ☐ To render returns on all export activities at Area Commands to the Comptroller General of Customs (CGC).

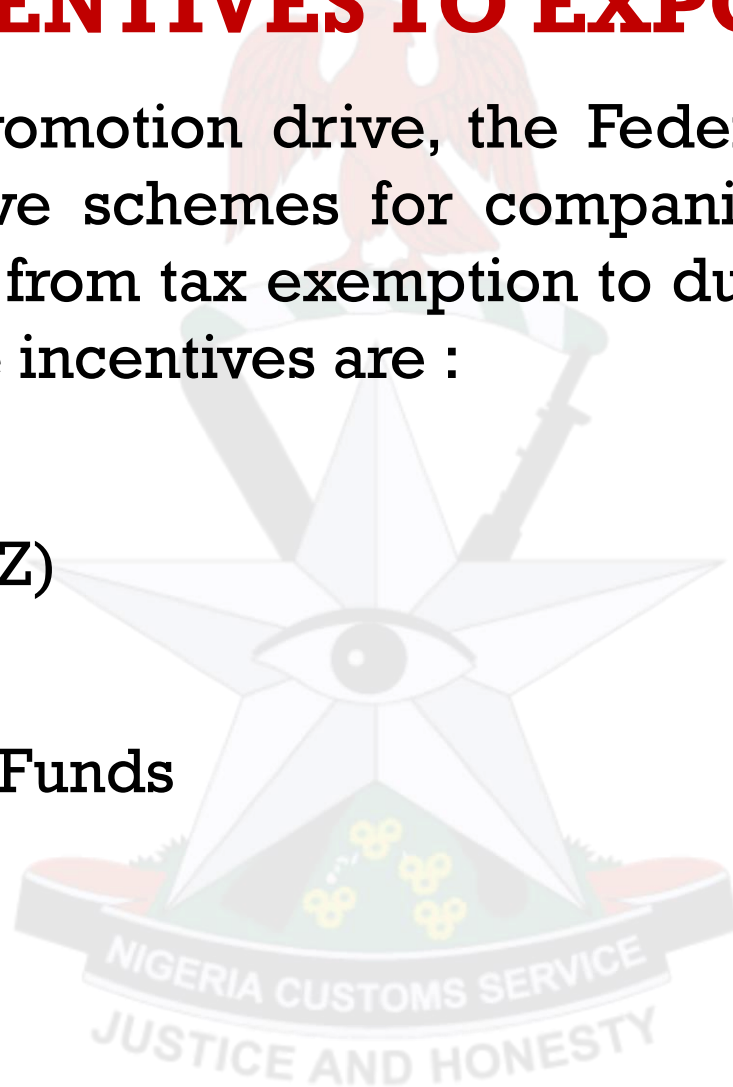




## GOVERNMENT INCENTIVES TO EXPORTERS

To complement its export promotion drive, the Federal Government has over the years set up various incentive schemes for companies whose business is export focused; the incentives range from tax exemption to duty draw-back as well as other forms of grants. Some of these incentives are :

- ☐ Export license
- ☐ Export Processing Zone (EPZ)
- ☐ Export Development Funds
- ☐ Export Adjustment Scheme Funds





# REASONS FOR EXPORT INCENTIVES SCHEMES IN NIGERIA

There are various reasons for export incentives schemes in Nigeria and Some of these are :

- ☐ To discourage smuggling activities
- ☐ To reduce unemployment rate in Nigeria
- ☐ To boost and expand the foreign exchange earnings for the government.
- ☐ To stimulate increase in locally manufactured products.
- ☐ To encourage setting up of local industries







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# FORM NXP AUTOMATION / TRADE MONITORING SYSTEM

The Trade Monitoring System (TRMS) is a web-based portal designed and developed for the automation of Export Trade Forms (NXP, NCX & A).

The TRMS comprises of different portals, each one handling the connection of different stakeholder to the system. They are:

- ☐ Public Portal: this is where the Exporter registers on the portal to complete trade forms. To access the portal the exporter needs a valid Tin Number, NEPC registration number and a proforma invoice.
- ☐ Authorized Dealer Bank (ADB) Portal: Authorized Dealers review submissions of exporters and validate trade forms.
- ☐ Stakeholder/MDA Portal: Pre-Shipment Inspection Agents, Relevant Regulatory Agencies, Shipping lines & Airlines and Nigeria Customs Service.



# FORM NXP AUTOMATION / TRADE MONITORING SYSTEM

The URL to access the Trade Monitoring System is

<https://www.tradesystem.gov.ng>

## Note:

- ☐ The system is owned by the Central Bank of Nigeria.
- ☐ The system is developed by Interra Networks Ltd.
- ☐ It went live on October 2019.
- ☐ It is a Trade facilitation tool for access to trade forms (NXP, NCX, A) and data exchange between stakeholders in the trade supply chain.



# STAKEHOLDERS FUNCTION ON THE TRMS

## PUBLIC PORTAL – EXPORTER

1. **Create/Fill form NXP:** In this process, the exporter is required to fill in every credential or field required for the bank to process his/her application.
2. **Save/Update/Delete an application:** The exporter can decide to save an application due to incomplete information or document and come back to it later.
3. **Search:** An exporter can search for a form on his dashboard.
4. **Import Products:** Exporters who have a large number of products with the same HS code category have the functionality to import this into the system without having to input them one after the other.
5. **Download:** An Exporter can also download his submitted application from the system to his device.

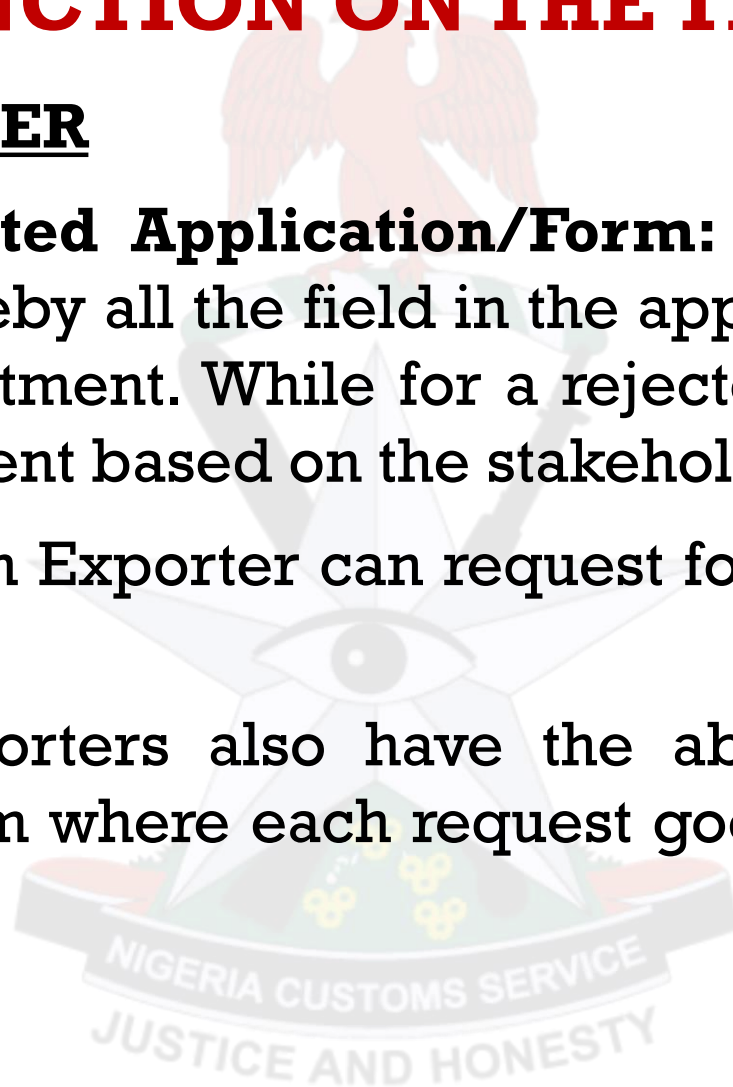




# STAKEHOLDERS FUNCTION ON THE TRMS

## PUBLIC PORTAL – EXPORTER



6. **Modification of a Rejected Application/Form:** An Exporter can modify his rejected application whereby all the field in the application is left open for him to make the requested adjustment. While for a rejected form, the applicant is only allowed to attach a document based on the stakeholder's comment.
7. **Cancellation Request:** An Exporter can request for their application/form to be cancelled.
8. **Extension Request:** Exporters also have the ability to request for multiple extensions from the system where each request goes to different stakeholder for their attention.





# TRMS FUNCTIONALITIES

## PUBLIC PORTAL – EXPORTER

  **TRADE MONITORING SYSTEM**  
APPLICANT PORTAL [Login](#)

Username

Password

[Login](#) [Forgot your password?](#)

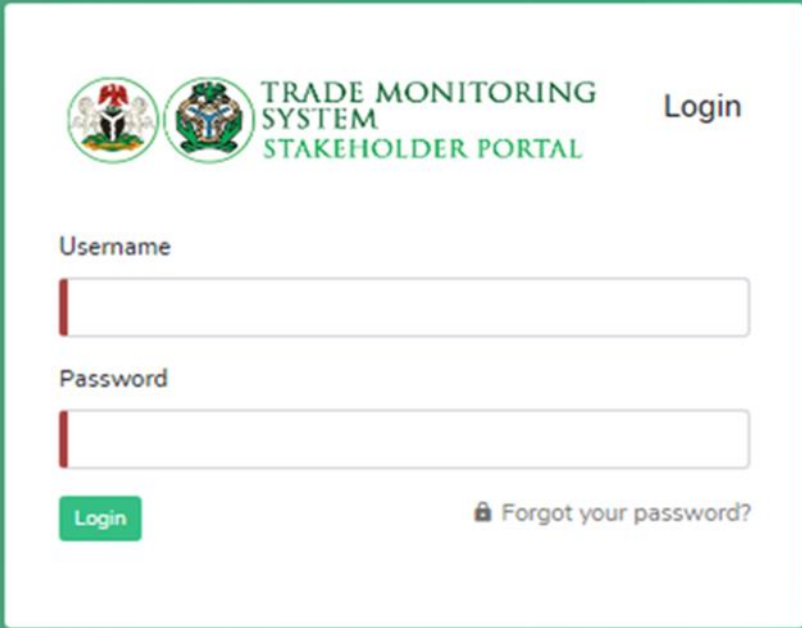
[Don't have an account? Register Now](#)

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# TRMS FUNCTIONALITIES

## PUBLIC PORTAL – EXPORTER



The image shows a login form for the Trade Monitoring System Stakeholder Portal. The form is white and centered on a green background. It features the Nigerian coat of arms and the NCS logo on the left. The text 'TRADE MONITORING SYSTEM' and 'STAKEHOLDER PORTAL' is displayed in green. A 'Login' link is on the right. Below the logos are two input fields: 'Username' and 'Password'. A green 'Login' button is at the bottom left, and a 'Forgot your password?' link is at the bottom right. A copyright notice '© 2019 Trade Monitoring System | All rights reserved' is at the very bottom.

TRADE MONITORING  
SYSTEM  
STAKEHOLDER PORTAL

Login

Username

Password

Login

Forgot your password?

© 2019 Trade Monitoring System | All rights reserved



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## WHAT IS THE AfCFTA?

- ❑ The African Continental Free Trade Area (AfCFTA) is a flagship project of the African Union (AU), established in 2018 to create a single market for goods and services, facilitated by movement of persons, to promote industrial development and sustainable and inclusive socio-economic growth to deepen the economic integration of Africa.
- ❑ As at 5th February 2021, 54 Member States of the AU have signed the agreement, and 36 countries have deposited their instruments of ratification. Start of trading under the AfCFTA Agreement began on 1 January 2021.





## KEY POINTS ON THE AfCFTA AGREEMENT?

- ❑ AfCFTA proposes the elimination of duties on 90% of tariff lines
- ❑ 5 years to 10 years for the elimination of tariffs on products on the Sensitive List.
- ❑ However, duties on products on the Exclusive List can remain indefinitely
- ❑ Sensitive List covers specific products whose tariff lines will not be liberalised until after ten years of implementation of the AfCFTA. They constitute 70% of the Non liberalized tariff line
- ❑ Exclusive List covers products whose tariff lines will be completely exempted from liberalization. They constitute 30% of the Non liberalized tariff line





## KEY POINTS ON THE AfCFTA AGREEMENT?

- ❑ By removing import duties on 90% of tariff lines, AfCFTA expects to make African products cheaper and more preferred in the African market and will hopefully, displace imports from outside Africa.
- ❑ AfCFTA also includes the liberalization of five services sectors namely: transport, tourism and travel-related, financial, communications and business services. The Agreement also includes a protocol for dispute settlement among members.
- ❑ By Article 5 of the AfCFTA Agreement, countries can opt-in at a later stage and enjoy same privileges but shall abide by all commitments and obligations agreed by early members. Variable Geometry.



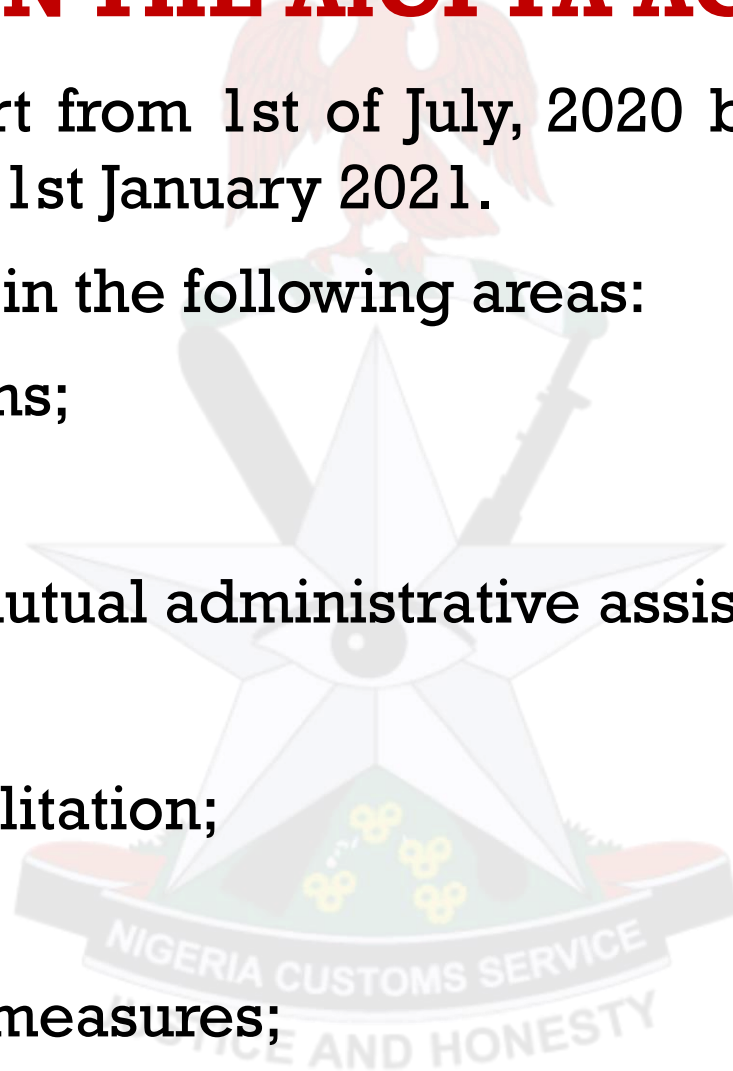


## CURRENT STATUS ON THE AfCFTA AGREEMENT?

AfCFTA was proposed to start from 1st of July, 2020 but for the pandemic the new date for starting is agreed for 1st January 2021.

Negotiations are still ongoing in the following areas:

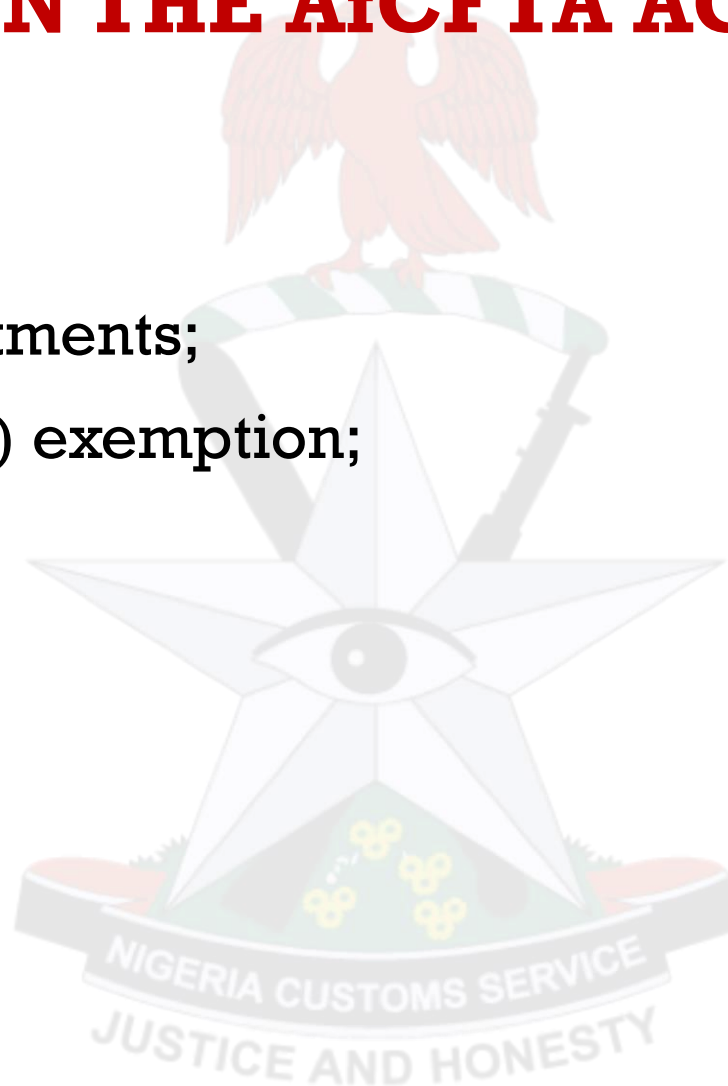
- ☐ Schedule of tariff concessions;
- ☐ Rules of Origin;
- ☐ Customs cooperation and mutual administrative assistance;
- ☐ Trade facilitation;
- ☐ Transit trade and transit facilitation;
- ☐ Technical barriers to trade;
- ☐ Sanitary and phytosanitary measures;





# CURRENT STATUS ON THE AfCFTA AGREEMENT?

- ☐ Non-tariff barriers.
- ☐ Trade remedies;
- ☐ Schedule of specific commitments;
- ☐ Most Favoured Nation (MFN) exemption;
- ☐ Air transport.







## **GUIDELINES FOR EXPORTERS TO OTHER AfCFTA COUNTRIES**

All exporters or agents who wish to trade with other AfCFTA nations must obtain all required permits, licences, certificates and other necessary documents from the relevant government bodies.

Such government agencies include the Nigerian Export Promotion Council, Standard Organization of Nigeria, National Agency for Food and Drug Administration and Control, and the Nigerian Agricultural Quarantine Service.

Exporting businesses must also ensure that their goods qualify for export under the AfCFTA agreement.





## **GUIDELINES FOR EXPORTERS TO OTHER AfCFTA COUNTRIES**

Exporters and agents are required to create a bill of entry; attach all required permits from the appropriate government agencies; and also make a reservation for transport with a shipping or airline firm.

They then need to apply to the Nigeria Customs Service for an AfCFTA certificate of origin once the requisite fees are paid. Although the Nigeria Customs Service is the body that issues the certificate, the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) will be responsible for vetting the application.

In addition to the bill of entry and certificate of origin, exporters also require a bill of lading, a certificate of analysis, a packing list and a commercial invoice. Other AfCFTA trading documents needed include a supplier/producer's declaration form and a declaration of origin form.



## ADVANTAGES OF AFCFTA?

There are numerous benefits and advantages to any Free Trade Agreement but with regards to the AfCFTA they are:

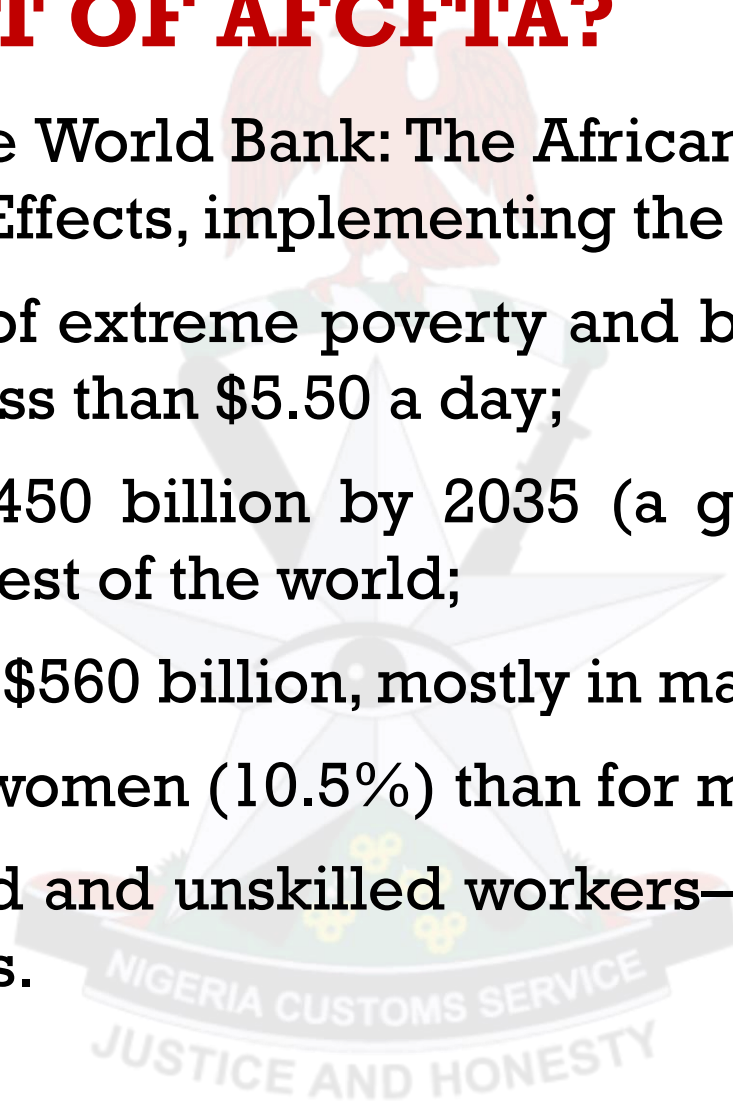
- ☐ Create a liberalized market for goods and services;
- ☐ Contribute to the movement of capital and elimination of trade barriers;
- ☐ Facilitate investments through the creation of a large market;
- ☐ Catalyse the introduction of new technology to boost productivity;
- ☐ Enhance competitiveness of members' economies;
- ☐ Promote industrial development through diversification;
- ☐ Develop value addition systems for products;
- ☐ Eliminate tariffs on intra-africa trade, making it easier for businesses to trade within africa and benefit from their own growing market.



## ECONOMIC IMPACT OF AFCFTA?

According to a report from the World Bank: The African Continental Free Trade Area: Economic and Distributional Effects, implementing the AfCFTA would:

- ☐ Lift 30 million Africans out of extreme poverty and boost the incomes of nearly 68 million others who live on less than \$5.50 a day;
- ☐ Boost africa's income by \$450 billion by 2035 (a gain of 7%) while adding \$76 billion to the income of the rest of the world;
- ☐ Increase africa's exports by \$560 billion, mostly in manufacturing;
- ☐ Spur larger wage gains for women (10.5%) than for men (9.9%);
- ☐ Boost wages for both skilled and unskilled workers—10.3% for unskilled workers, and 9.8% for skilled workers.





## CHALLENGES OF IMPLEMENTING AFCFTA?

Implementing the AFCFTA could involve a number of challenges.

- ❑ The agreement will mean harmonising Africa's heterogeneous economies, despite their considerable variation in size, levels of economic development and diversification and it is hard to ensure broad-based gains for all members states.
- ❑ The AfCFTA has the greatest levels of income disparity of any continental free trade agreement. Many countries, especially the 32 least developed countries, face challenges to create jobs, develop their industrial sectors and diversify their production capacity.
- ❑ In some countries, weak infrastructures, low technological uptake and conflicts will threaten the implementation of the agreement. A general fear of losing control and sense loss of identity across segments of the population has also been expressed.





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# CHALLENGES OF EXPORTERS IN THE TRADE SUPPLY CHAIN

- ☐ Port congestion and administrative delays
- ☐ Foreign Exchange Restrictions
- ☐ Corruption
- ☐ Local Content
- ☐ Information and Telecommunications Technologies
- ☐ Regional Security
- ☐ Inadequate Infrastructures
- ☐ Financing Constraints
- ☐ Inefficient Implementation Of Export Incentives And Support Programmes
- ☐ Over Regulation Of The Non-oil Export Sector



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## CONCLUSION

Expectations of the AfCFTA is to reduce poverty, increase firm competitiveness, and boost intra-African trade and investment. In fact, based on a recent survey of 1,804 Nigerian manufacturing enterprises, 6 out of 10 businesses expect the AfCFTA to lead to a reduction in material and labor costs, increase production capacity, expand market and consumer size, and reduce prices.

As touted by policy experts, the AfCFTA has the potential to lift Nigerians out of poverty and raise manufacturing output. However, to realize this potential, Nigeria must follow targeted industrial policy and structural reforms; upgrade Customs infrastructure; address the domestic cost of doing business; reduce bottlenecks, port processes, and transportation costs; promote digital marketing and e-commerce; and create targeted awareness about the AfCFTA policy.



# Thank you







African Export-Import Bank  
Banque Africaine D'Import-Export

Transforming Africa's Trade

# Building Sustainable Non-Oil Export in Nigeria; Harnessing Opportunities within the AfCFTA

## Afreximbank as a Catalyst to AfCFTA Treaty's Success

By

Eric Monchu Intong

Regional Chief Operating Officer

Anglophone West Africa

## OVERVIEW OF AFREXIMBANK

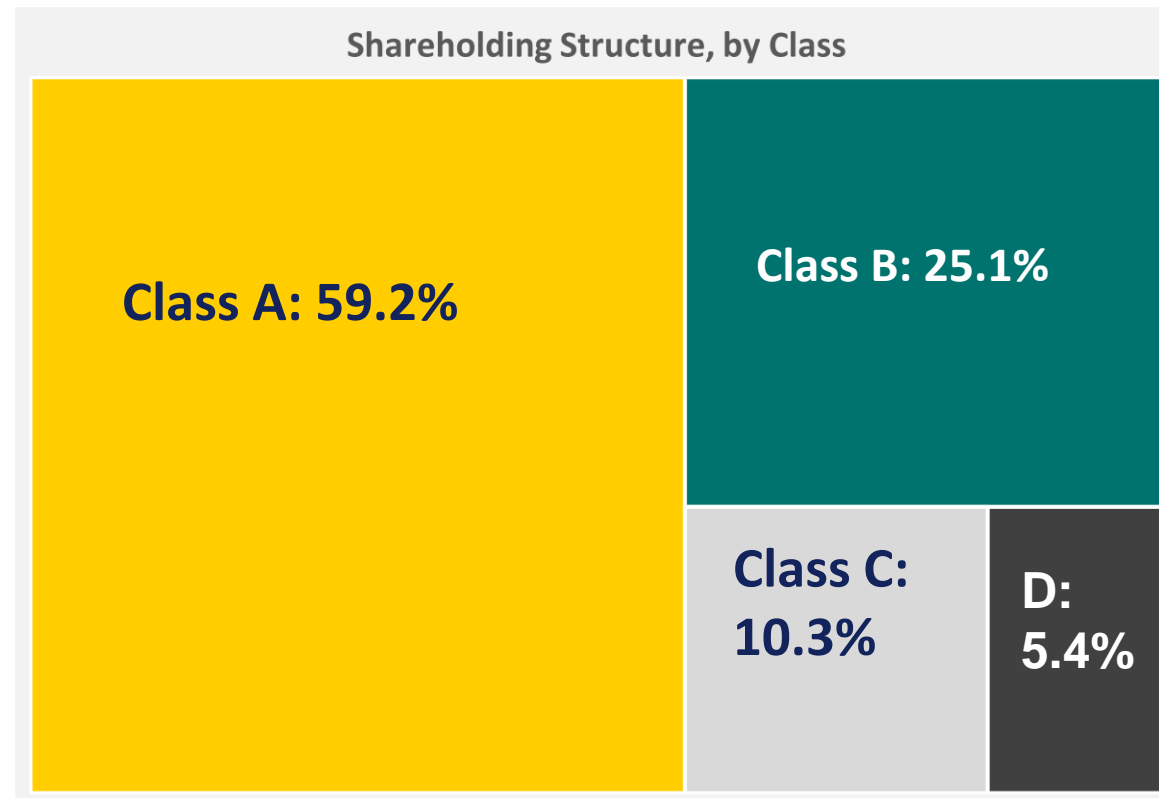
## Afreximbank Overview

<b>Vision and Purpose</b>	<p>To be the Trade Finance Bank for Africa by:</p> <ul style="list-style-type: none"> <li>stimulating a consistent expansion and diversification of African trade so as to rapidly increase Africa's share of global trade</li> <li>operating as a first class profit oriented, socially responsible financial institution and centre of excellence in African trade matters</li> </ul>
<b>Legal Status</b>	<ul style="list-style-type: none"> <li>Multilateral International Financial Institution with full judicial personality and legal capacity to carry out its operations</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>4 Classes</li> <li>156 Shareholders</li> </ul>
<b>Member Countries</b>	<ul style="list-style-type: none"> <li>51 member African countries</li> </ul>
<b>Office Locations</b>	<ul style="list-style-type: none"> <li>Cairo, Arab Republic of Egypt – Headquarters;</li> <li>Abidjan, Cote D'voire</li> <li>Abuja, Nigeria; and</li> <li>Harare, Zimbabwe</li> <li>Kampala, Uganda</li> <li>Yaoundé, Cameroon</li> </ul>
<b>Credit Rating</b>	<ul style="list-style-type: none"> <li>A-, Positive (GCR)   Baa1, Positive (Moody's)   BBB-, Stable (Fitch)</li> </ul>
<b>Current Strategy</b>	<ul style="list-style-type: none"> <li>IMPACT 2021 – Africa Transformed (Afreximbank's 5<sup>th</sup> Strategic Plan)</li> </ul>
<b>Key Programmes and Initiatives</b>	<ul style="list-style-type: none"> <li>Intra-Africa Trade Promotion, Industrialization, Export Development, MANSA KYC Platform, Pan-African Payment &amp; Settlement System, Collaborative Transit Guarantee Scheme, AfCFTA Adjustment Facility, etc.</li> </ul>

## Capital & Shareholding Structure

*Set up as a PPP:*

*Afreximbank has a diverse shareholder base.*



- The Bank's share capital is divided into four classes: A, B, C and D.
  - **Class A Shares:** African governments and/or their central banks, the African Development Bank, African continental, regional and sub-regional financial institutions and economic organizations.
  - **Class B Shares:** African national financial institutions and African private investors.
  - **Class C Shares:** International financial institutions and economic organizations, non-African financial institutions and non-African private investors.
  - **Class D Shares:** Any entity or person, whether or not falling within one of the above classes. Listed on Mauritius Stock Exchange through our Depository Receipts.

# Afreximbank Strategic Plan (2017-2021): Impact 2021 – Africa Transformed



## Intra-African Trade

- Promote / finance intra-African trade.



## Industrialization and Export Development

- Promote and support export manufacturing.
- Promote industrialization.



## Trade Finance Leadership

- Expand and deepen trade finance offerings.
- Improve capacity of Africans in trade finance.
- Improve access to trade finance.



## Financial Soundness and Performance

- Maintain solid profitability, liquidity, capital adequacy and asset quality.
- Enable the Bank to make a meaningful impact on African trade



## CURRENT STATUS OF THE AFCFTA

## Status of the AfCFTA

- ✓ Industrialisation will require supporting AfCFTA Implementation and promoting Intra-African Trade.
- ✓ The AfCFTA provides the platform for “learning-by-doing” industrial development strategies that will help African businesses to build dynamic comparative advantages that will enable them to trade in global markets successfully.
- As at October 2021:
- 54 countries have signed the Agreement; and
- 41 have ratified the Agreement.
- Countries should conclude the negotiations of the Rules of Origin (RoO) to enable the AfCFTA to drive Industrialisation.



## AFREXIMBANK AS A CATALYST TO THE AFCFTA

## Afreximbank's Support to the AfCFTA

- ✓ The Bank developed a suite of products, programmes and initiatives which formulate the Bank's envisioned interventions in providing tailored trade/project Financing, capacity for Intra-African Trade Facilitation as well as Technical Assistance in support of growth of intra-African trade.
- ✓ In support of the AfCFTA, the Bank plans to make available 40 billion US dollars in intra-African trade and investment financing during the next five years, twice the amount it disbursed, for the same purpose, in the last four years.
- **Some of the key financing instruments include:**
  - ✓ Global Facility for Intra-African Trade Champions (INTRA-CHAMPS)
  - ✓ Trade and Investment Promotion Programmes. NATIPP (\$1 bn), **EATPP** (\$500mn), SATIPP (\$1 billion), TATIPP (\$500m) to help companies in these countries to tap into the rapidly expanding trade and investment opportunities in the rest of Africa.
  - ✓ We also have country-Africa Business Council to create trade and investment partnerships between and among African countries.
  - ✓ Intra-African Investment Finance Programme (IAIFP) through which the Bank can offer investment guarantees and project financing to Africans investing in other Africa countries.
  - ✓ Other Financing products (factoring, SME Programme, creative industry programme etc).

# Key Financing Instruments

## Global Facility

The Bank has developed a **Global Facility** for African Multinational Corporations who we branded Intra-African Trade Champions or **“INTRA-CHAMPS”** which aims at supporting their operations through financing, enabling market access and other forms of technical assistance across multiple countries in Africa.

## Intra-African Investment Finance

Afreximbank provides Financing to promote Foreign Direct Investment or African Direct Investment.

It supports setting up and/or expansion of businesses by an entity from one African country in another African country.

It also supports acquisitions, joint ventures, businesses under concession agreements, non-equity modes of investment e.g., franchising, licensing and contract manufacturing.

## Intra-African Investment Guarantee

Afreximbank provides Guarantees that cover Foreign/ African Direct Investments.

The purpose is to protect investors against risk events that may impair their investment rights or earnings.

These include transfer restrictions, expropriation or nationalization of the firm in which the investment is made and other specified government actions that may hinder the investors from normal operation, repatriation of profits etc.



# Key Financing Instruments Cont'd

## Intra-African Trade Services Support Facility

Specialized products designed to reduce the risks and uncertainties associated with Intra-African commercial transactions in which Afreximbank acts as intermediary to facilitate the flow of documents and payments, such as LC Confirmation, advising, negotiation, reissuance, reimbursement, Bills for Collection, and Open Account related services.

## Intra-African Export Financing Facility

Line of credit and guarantees with specialized instruments provided to FIs to provide pre and/or post shipment financing in support of eligible exports from one African country to another. These instruments include for example working capital finance, discounting LCs, discounting export bills, and factoring.

## Guarantee in Support of Government Commitments to Project Promoters

In Support of **African Government Commitments to Projects Promoters** to provide investors further assurance that African governments will meet their commitments to projects.

# Key Financing Instruments Cont'd

## Export Contract Availability Guarantee

To enable African export manufacturers secure long-term export contracts with bank financing. The **Guarantee** will cover the risk associated with situations where the **Contract** against which financing has been provided becomes unavailable before an agreed period.

## Merchant Marine Facility

This financing programme is designed to finance the acquisition of vessels and other types of cargo ships in order to promote and facilitate sea links, through providing medium term loans and guarantees to African existing and emerging shipping lines.

## Contracting Related Guarantees

To confirm / reissue a wide range of specialized guarantees (i.e. bid bonds, performance bonds, advance payment guarantees and retention bonds) issued by FIs to African construction/contracting companies to conduct construction services in other African countries.

# Key Financing Instruments Cont'd

## Packing Credit Finance and Guarantee

Loan or advances given to Export Trading Companies to support them in financing the purchase, processing, manufacturing and packing of goods prior to Shipment, or a guarantee to cover/share the risk of exporters to enable the bank provide better and adequate facilities to its exporters.

## Fleet Financing

Designed to finance the acquisition of transportation fleets and cargo carrying means for land transport for African large corporate and logistics companies operating in the Intra-African trade space.

## Trade Information & Advisory Services

Provision of strategic intelligence and decision support services to corporates/FIs seeking to enter or expand existing capabilities in Africa or their African clients seeking foreign market opportunities. Providing integrated trade intelligence solution through the Standardized Trade and Market Intelligence products such as country briefs, sector briefs, commodity outlook etc. and bespoke advisory services such as data collection, market entry strategies, export capacity and growth analysis etc.

## 4. Key Trade Facilitation initiatives to support the AfCFTA

1. Adjustment Facility
2. Afreximbank-African Collaborative Transit Guarantee Scheme
3. Export Trading Companies
4. Africa Quality Assurance Centres
5. Harmonisation of Standards
6. Automotive Industry
7. How to Export Under the AfCFTA
8. Intra-African Trade Fair

## Facilitation Initiatives Cont'd

- ✓ We have committed to disbursing US\$40 billion to support intra-African trade over the next 5 years, building on the US\$20 billion disbursed in the past 5 years.
- ✓ We aim to provide an aggregate of US\$8 billion LC confirmation lines (**AFTRAF**) to 500 of Africa's 600 banks to support cross-border trade. Afreximbank has so far onboarded nearly 480 banks while providing credit lines to about 150.
- ✓ In partnership with the AfCFTA Secretariat, the AUC and some Central Banks, Afreximbank has created a **Pan-African Payment and Settlement System (PAPSS)** to facilitate cross-border payments in national currencies. The System, currently being piloted in the WAMZ, will strengthen national currencies, domesticate settlements/clearing in Africa and save about US\$5 billion in settlement charges.
- ✓ Afreximbank is supporting the pilot in an amount of **US\$500 million** and expects to expand this to US\$3 billion when fully adopted across Africa.
- ✓ Created a **Trade Information Portal (TIP)** that will complement the Trade Fair in availing information about market and investment opportunities across Africa. This AI-enabled System will help develop predictable supply chains and enhance connectivity among African businesses.
- ✓ Created a **Trade Regulations Portal (TRIP)** to host the trade and investment regulations of all 55 African countries and reduce the search cost, thereby improving investment flows within the continent.



## Facilitation Initiatives Cont'd

- ✓ Launched a **Customer Due Diligence Repository Platform** (also called the **MANSA Platform**) to ease the cost of compliance and to restore investor confidence in, and attract investments into, Africa. The MANSA Business issues **African Entity Identifier (AEI)** numbers that acts as a passport for accessing the **PAPSS**. Over 1000 entities from across Africa have already been onboarded on the platform.
- ✓ In partnership with the AU and the AfCFTA Secretariat, we have created a US\$20 million biennial Intra-African Trade Fair that will help improve business to business connectivity in Africa. The second edition held in Durban, South Africa during November 15-21. The IATF2023 will take place in Abidjan, Cote d'Ivoire.
- ✓ We are working with the **AfCFTA Secretariat** to create an **US\$8 billion AfCFTA Adjustment Facility** that will cushion African countries from fiscal revenue losses that may arise from the tariff removals associated with the AfCFTA and to help the private sector retool their factories as they reorient their operations towards the continental market.
- ✓ We have established the Funds for **Export Development in Africa (FEDA)** to support manufacturing, particularly light manufacturing, and agro-processing, by facilitating access to equity finance.
- ✓ The Bank is piloting an **African Collaborative Transit Guarantee Scheme** that will facilitate an uninterrupted flow of goods across multiple borders with a single transit bond. We envisage that this scheme will save the continent about **300 million US dollars** in transit cost annually.

## Facilitation Initiatives Cont'd

- ✓ Afreximbank has provided grant financing that has enabled the **harmonisation of standards for the Auto sector, pharmaceuticals and medical devices** under the auspices of the AU and Africa Regional Standards Organisation (ARSO).
- ✓ The Bank has launched a US\$500 million facility in support of creatives.
- ✓ Working with several African Government to create and or expand Industrial Parks and Special Economic Zones to address the infrastructure bottlenecks to industrialisation. For instance, the Bank is supporting the creation of automotive, textile parks and agro-processing parks in Togo, Gabon, Kenya, Malawi, Cote d'Ivoire and in discussion with Federal Government of Nigeria on a number Industrial parks/Special Economic Zones.
- ✓ Facilitating the emergence of a pan-African automotive value chain through its recently launched US\$1.5 billion Automotive Facility. A pan-African automotive industry can catalyse the emergence of interconnected supply chains because a typical vehicle has at least 30,000 component parts.
- ✓ Since inception, the Bank has approved a total of US\$26.32 billion worth of loans to Nigeria on a cumulative basis. From January to August 2021, total loan approvals for Nigeria amounted to US\$1.89 billion.
- ✓ At the end of August 2021, the Bank's total loan exposure to Nigeria was US\$5.5 billion, representing 26.8% share of the Bank's total loans and advances.

## Facilitation Initiatives Cont'd

- ✓ Afreximbank has provided grant financing that has enabled the **harmonisation of standards for the Auto sector, pharmaceuticals and medical devices** under the auspices of the AU and Africa Regional Standards Organisation (ARSO).
- ✓ US\$500 million facility to support capacity expansion, among members of the **Manufacturers Association of Nigeria (MAN)**. The facility will help Manufacturers to retool their factories and expand capacity to export trade under the AfCFTA.
- ✓ About **US\$2.5 billion to support indigenous operators** across the **oil and gas** value chain.
- ✓ Over **US\$350 million** to support indigenous operators in the **Nigerian Telecom and Aviation** industries.
- ✓ US\$708 million was approved to support **12 banks in Nigeria and Nigerian DFIs (BOI & NEXIM)** through Afreximbank Trade Facilitation Facility (AFTRAF).
- ✓ Afreximbank has also provided indirect financing and facilitation support to Nigerian banks/companies operating in other African countries including UBA, FBN, Access, Dangote, First Tricon Sierra Leone, System Specs etc.
- ✓ African Quality Assurance Centre (**AQAC**); African Medical Centre of Excellence (500-bed Medical Park), Afreximbank-Africa Trade Centre – Offices, Knowledge Centre and 4-Star Hotel.

# Thank You!