



# Repositioning non-oil export as a leading revenue earner: Government Plans and Programmes

*Nigerian Export Promotion Council*

*August 2020*



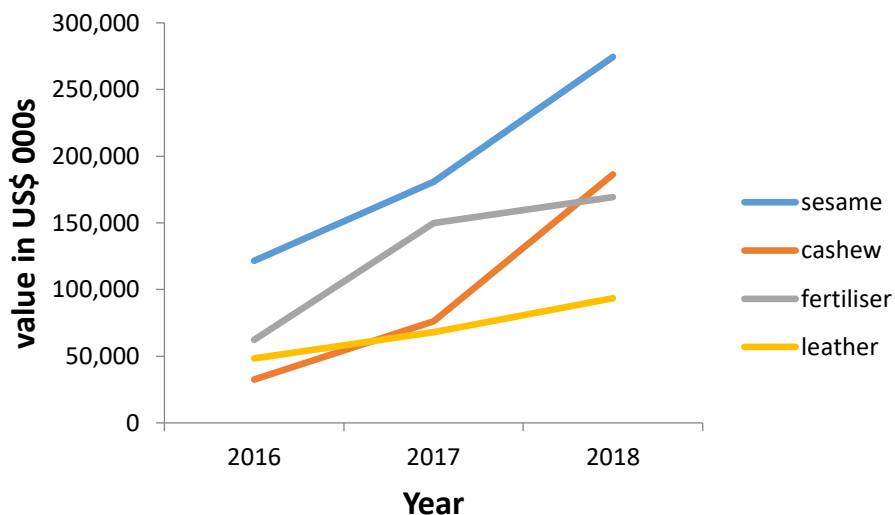


# Before COVID-19, some growth in the non-oil product sector since 2016

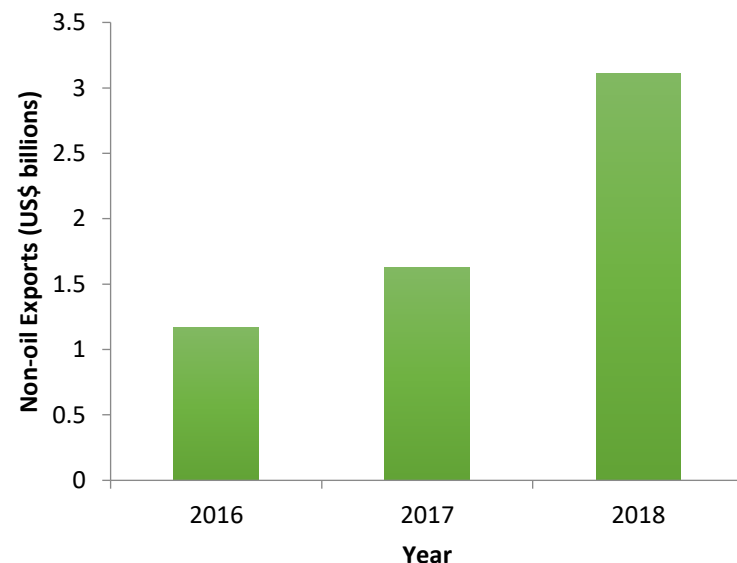


- Non-oil exports **rose** from US\$1.17 billion in 2016 to US\$3.16 billion in 2018 (source: International Trade Centre).
- **Strategic sectors** have seen growth e.g. cocoa, sesame, cashew, fertiliser and leather.

### Strategic sector growth in exports



### Non-oil Exports



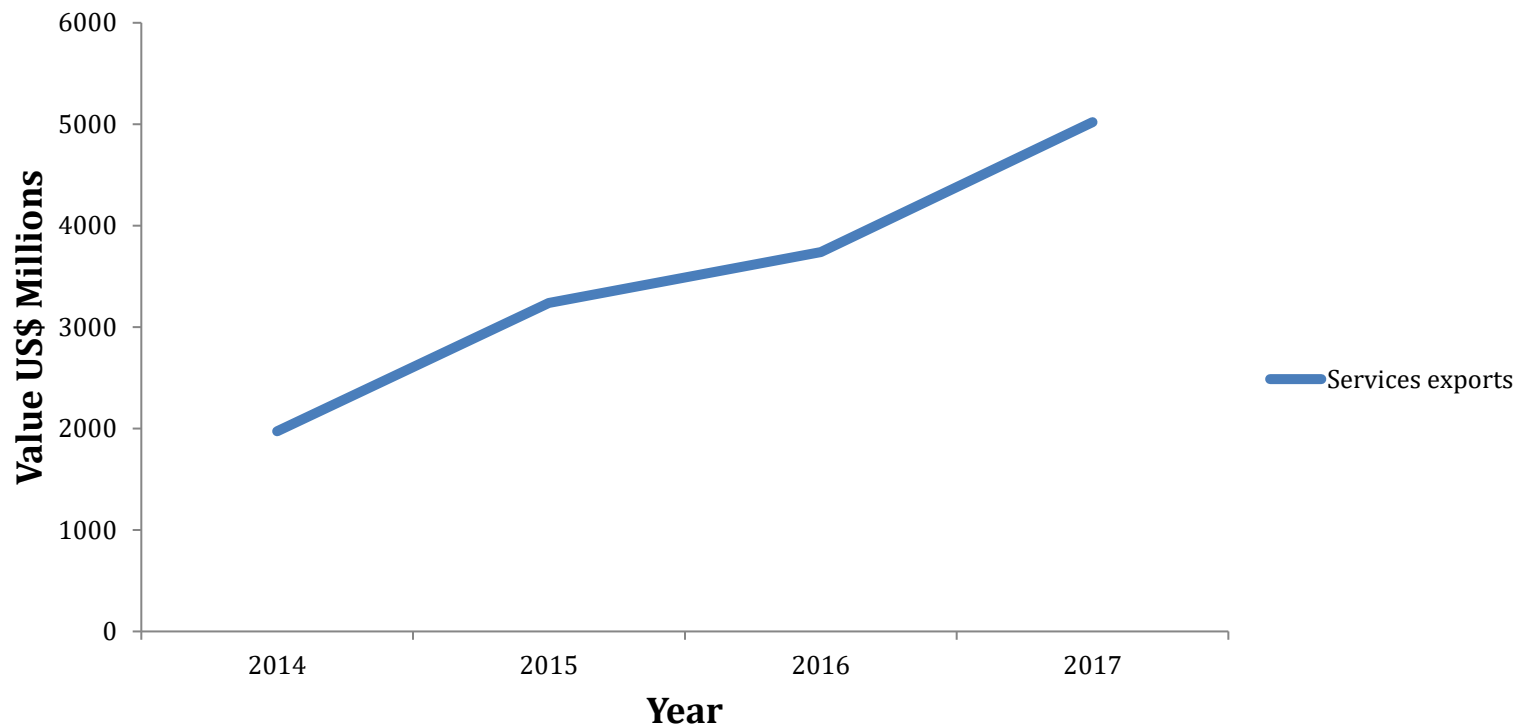
- In particular, the value of sesame exports has risen by \$153 million since 2016, an increase of over 100%.
- CBN has approved the commencement of an Export Facilitation Initiative for five key products: cashew, cocoa, palm oil, sesame and shea.



# And significant growth in the export of services



**Nigerian exports of services**



- Estimates from the IMF put Nigerian export of services doubling since 2014, reaching more than US\$5 billion in 2017.



# Then the world was hit by a pandemic...



- The crash in oil prices following the COVID-19 pandemic and OPEC's price war with Russia reinforced what we already know – our mono-product economy is not sustainable.
- We cannot rely on crude oil exports as both our major source of government revenue and foreign exchange generation.
- We must diversify our export base!

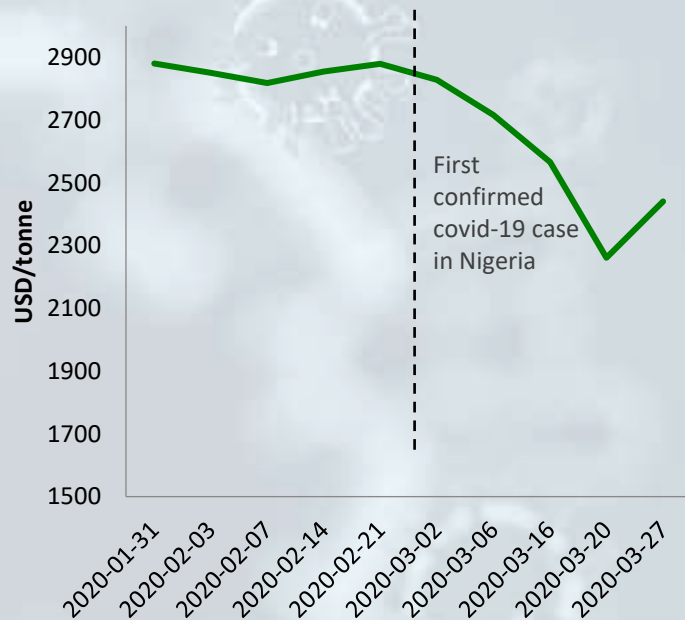


# NEPC response to the COVID-19 pandemic

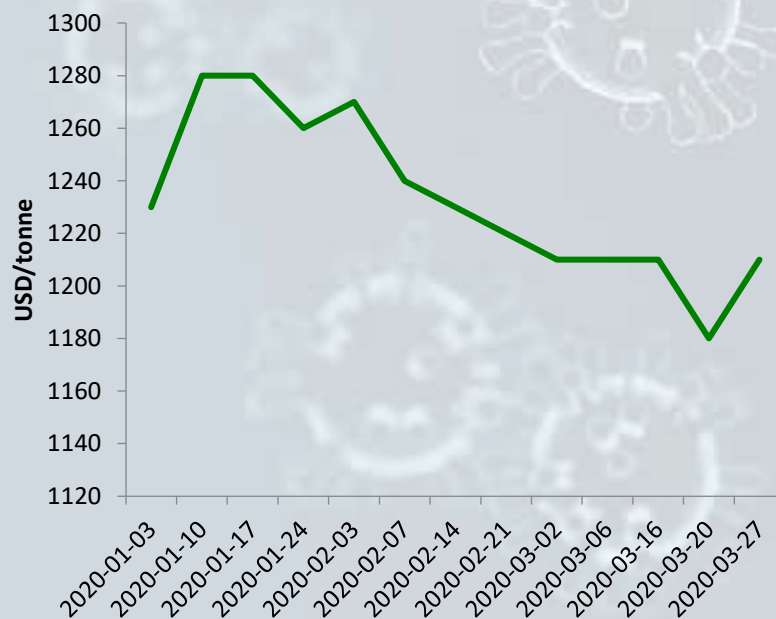


- NEPC immediately carried out an impact assessment on agricultural exports, analysing commodity prices and market trends.
- Nigeria's top non-oil export of cocoa beans is estimated to incur a fall in exports of over \$100 million in 2020. Cashew exports likely to fall by close to \$90 million.
- Sesame exports should prove more resilient with any fall in exports in 2020 likely to be significantly smaller.

*Nigerian cocoa bean prices*



*Nigerian sesame seed prices*





# Listening to our (M)SMEs



- NEPC administered surveys to gain input from our (M)SMEs. Based on this input, we have made a number of recommendations to the Federal Government to ease the burden on non-oil exporters during this crisis, including (but not limited to):
  - Realigning the Exporters' Foreign Exchange Window with the prevailing foreign rate.
  - Special clearance for exports at ports.
  - Acceleration of EEG claims.
  - Waiver of port levies for exports.
  - Tax holidays for non-oil exporters.
  - Reopening of NAHCO shed.
  - Fast-tracking NAFDAC certification of new products, and waiver of NAFDAC renewal and registration fees for exporters.





# Game changers: 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.

## Export Development Fund

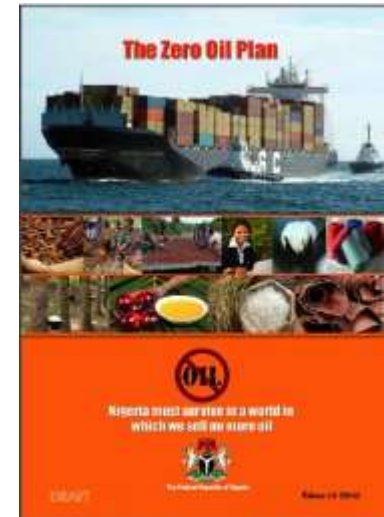
- Prepare, facilitate and support exporters to penetrate global markets.
- Provide support for product development and market access for new exporters though:
  1. Providing export promotion training.
  2. Exposure to trade fair participation and trade missions.
  3. Gathering of trade information and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



# In the longer-term, the Zero Oil Plan is needed



- 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.







# 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.
<b>Capacity building for quality and standards for selected value chains</b>	To ramp up production of exportable products to be able to meet local and international demands	NEPC, NEXIM, NEPZA, FACAN, FMoA



# Certification for access to niche export markets



- NEPC will continue to facilitate product certifications.
- 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.





# The 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.
- NEPC is working on the establishment of **export trade houses** on the continent. The pilot project is in Lomé, Togo.
- The warehouse will provide a permanent avenue where **Nigerian manufactured goods can be made available and marketed** to the ECOWAS market, deepening intra-regional cooperation.



# 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**



# Recent NEPC achievements



- An expert from the **British Standards Institute** trained over 40 SMEs on HACCP certification. 10 of these SMEs have been selected to meet British retailers such as Tesco, Sainsbury and Asda at the UK food and drink expo in September in Birmingham, UK.
- Resumption of export of **hibiscus to Mexico** after 3 years (commenced with 20 containers in March 2020).
- Orders worth \$200,000 secured by SMEs at the **37<sup>th</sup> Khartoum International trade fair** in January 2020 with a further \$300,000 in potential orders by the end of 2020.
- Establishment/development of **five new shea butter processing facilities** established in Ogun, Kaduna, Lagos, Ondo and Niger states.
- Development of **new ethnic products for export**: Black soap, mushroom, sunflower seed







# 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:			
<p><b>Strategic Pillar 1 - Encourage new exporters, Women &amp; Diversify sectors:</b></p> <p><b>Action 1.1</b> Export readiness check/Export audit</p> <p><b>Action 1.2</b> Competency development</p> <p><b>Action 1.3</b> Value chain product product development training &amp; adaptation</p> <p><b>Action 1.4</b> Quality MGT Systems &amp; Certification</p> <p><b>Action 1.5</b> Trade Shows,B2B, Missions, Match making</p> <p><b>Action 1.6</b> Women &amp; Youths</p>	<p><b>Strategic Pillar 2 - Support regular sustainable exports:</b></p> <p><b>Action 2.1</b> Competency development, capacity building &amp; training</p> <p><b>Action 2.2</b> Quality Mgt. systems &amp; certification</p> <p><b>Action 2.3</b> Trade Information &amp;Trade complaints</p> <p><b>Action 2.4</b> E-tools , online platform, e-visibility</p> <p><b>Action 2.5</b> Trade shows, B2B, Missions, Match</p>	<p><b>Strategic Pillar 3 –Diversify Markets:</b></p> <p><b>Action 3.1</b> Export Market research and Profiling</p> <p><b>Action 3.2</b> Export Marketing Training/ Seminar</p> <p><b>Action 3.3</b> Trade Shows, B2B, Missions, Match making</p>	<p><b>Strategic Pillar – 4Build Strategic Partnerships</b></p> <p><b>Action 4.1</b> Partner with States to develop Export Market Strategies under One State One Product</p> <p><b>Action 4.2</b> Partner with Private Sector Organizations</p> <p><b>Action 4.3</b> Partner with Government Agencies for Initiatives development &amp; Implementation</p> <p><b>Action 4.4</b> Coordinate initiatives with development partners</p>

**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*