
Analysis of Potentials of Nigeria's Services Sector for Economic Diversification, Employment and Foreign Trade

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List of Acronyms

AAR	After Action Review
AfCFTA	African Continental Free Trade Area
AOPN	Association of Outsourcing Professionals of Nigeria
BMO	Business Membership Organization
CBN	Central Bank of Nigeria
ECOWAS	Economic Community of West African States
EDF	Export Development Fund
EEG	Export Expansion Grant
FGN	Federal Government of Nigeria
GDP	Gross Domestic Product
GoN	Government of Nigeria
ICT	Information and Communications Technology
IP	Intellectual Property
ITC	International Trade Centre
MAN	Manufacturers Association of Nigeria
MDAs	Ministries, Department and Agencies
MSMEs	Micro, Small and Medium Scale Enterprises
NACCIMA	Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture
NBS	National Bureau of Statistics
NITDA	National Information Technology Development Agency
NiPSA	Nigeria Private Sector Alliance
NBA	Nigerian Bar Association
NEPC	Nigerian Export Promotion Council
NIPC	Nigerian Investment Promotion Commission
PDF	Policy Development Facility
SMEDAN	Small and Medium Enterprises Development Agency of Nigeria
SON	Standards Organisation of Nigeria
TISA	Trade in Services Agreement
WTO	World Trade Organization

1.0 Event Overview

Nigeria's services sector has emerged as the highest contributor to the national output in the last decade and offers great potential to drive the diversification agenda of the government which has predominantly concentrated on agriculture and manufacturing. Services now contribute the highest proportion of the overall domestic activities and economic growth moving from less than 30 percent of gross domestic product (GDP) in the 1990s to 50.79 percent of the GDP in 2010 and 53 percent in 2019. Nigerian services economy is among the fastest growing in the African continent, recording double digit growth rates between 2009 and 2012.

This Roundtable, put together by the PDF Bridge Programme, featured representatives from the Network of Practicing Non-Oil Exporters of Nigeria (NPEN), the Nigerian Export Promotion Council (NEPC), private sector companies and individuals interested in export to discuss the findings from the Services Export study and the best approach to utilize the output from the study to support diversification efforts of the Government of Nigeria (GoN).

Panellists include Mr. Francis Anatogu, Executive Secretary, National Action Committee on AfCFTA and Senior Special Assistant to the President on Public Matters; Barrister Nkiru Joy, President/ National Coordinator at Nigerian Network of Women Exporters of Services; Dr Madu Obiora, President, Association of Outsourcing Professionals of Nigeria (AOPN); Barrister Legborsi Nwiabu, Trade Lawyer and Private Sector Specialist, Executive Director Nigeria Private Sector Alliance (NiPSA) and Mr. Abubakar .G. Shu'aibu, Assistant Director, Services, Nigerian Export Promotion Council (NEPC).

At the Roundtable, it was noted that among business owners and exporters, there is little understanding of what services export entails. Many businesses engage in service exports but are not aware of this. Understanding the four modes of services – Cross border trade, Consumption abroad, Commercial presence and Presence of natural persons – is important for business growth. To achieve this, stakeholders including the NEPC will need to conduct capacity building and sensitisation workshops for exporters, working with relevant business associations.

There was an extensive discussion on the available incentives for non-oil exports in Nigeria. Among the list of incentives introduced in the 1980s to support non-oil exports, only the Export Expansion Grant (EEG), which focuses on goods exports, is functional. The Roundtable however noted that existing incentives for goods exports are not adequate, while there is currently no incentive for services exports. The government was urged to prioritise the development of non-oil exports, going forward.

The readiness of Nigeria for the AfCFTA which should commence in January 2021 was a key issue at the Roundtable. Participants cited the need for the development of Nigeria's export strategies for services and further engagement with relevant stakeholders to maximise the opportunities of the Agreement.

2.0 The Event

2.1 Opening remarks

The Roundtable began at 11:01 with an opening remark by Mrs Abosede Paul-Obameso. In her remarks, she noted that the Roundtable consists of stakeholders in the non-oil export sector and will examine issues relating to the export of services in Nigeria. She reeled out the line up of activities including a presentation from the study to be made by Professor Abiodun Bankole while encouraging the participants to share their thoughts and feedback on the presentation. The overall goal of the Roundtable is to examine ways to support and ensure the development of Nigeria's services exports.

2.1.1 Welcome Address

Dr Titilola Akindeinde, Programme Manager PDF Bridge

Distinguished Ladies and gentlemen, all protocols observed. I welcome you all to today's important discussion. The services sector has emerged as the highest contributor to the national output in the last decade and offers great potential to drive the diversification agenda of the government. Bearing in mind that this sector possesses immense capacity to absorb a large proportion of unemployed youths and help create gender parity in exploiting economic opportunities, it has become imperative that Nigeria as a nation should explore ways to expand its export of services.

PDF II the predecessor programme to PDF Bridge commissioned a study to analyse the potential of Nigeria's Services Sector for Economic Diversification, Employment and Foreign Trade. The study came up with actionable recommendations that if implemented will help to shape government policies to promote the sector. The study was part of the programme's contribution towards the Government of Nigeria's priority areas on diversification of the economy and reforming the business environment to enable small and medium-sized enterprises to thrive sustainably.

This Roundtable themed, Analysis of Potentials of Nigeria's Services Sector for Economic Diversification, Employment and Foreign Trade, will critically dissect the issues highlighted in the

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study with a view to developing an action plan that will ensure adequate attention is given to the services export sector. We are looking forward to having robust discussions with today's participants drawn from both the private and public sectors.

Today we hope to achieve the following objectives:

1. To provide the forum for relevant stakeholders to discuss the findings from the Services Export study and the best approach to utilize the output from the study to support diversification efforts of the government of Nigeria.
2. Through the discussions generate recommendations on necessary reforms, process restructuring, and elimination of various challenges identified in the study.
3. If possible, provide an action plan to prioritize and implement the recommendations provided in the study.

This Policy Roundtable therefore brings together Trade-related Government MDAs and other relevant stakeholders who we hope will use the evidence provided by the study to drive reforms that will position Nigeria's services export to fully enjoy the benefits of AfCFTA.

It is therefore with great pleasure that I welcome you and wish you very fruitful deliberations.

2.2 Presentation from the study

Analysis of Potentials of Nigeria's Services Sector for Economic Diversification, Employment and Foreign Trade

Professor Abiodun Bankole

2.2.1 Introduction/Terms of Reference

The study had the following terms of reference:

- Attempt a comprehensive mapping and profiling of key component of the services sector in Nigeria.
- Review domestic regulations relating to services sector and its components.
- Analyse the contributions of the sector and its components to facilitating other sectors of the economy – Agriculture, manufacturing etc.
- Estimate the current and future potentials of the sector for growth and trade – domestic and international trade, particularly services export.
- Provide recommendations on specific sectors Nigeria should consider for liberalization in the World Trade Organization's Negotiations, and the potential benefits.
- Provide recommendations on domestic policies and strategies required to enhance the performance of the services sector.

2.2.2 Key findings from the study

In terms of the structure of the economy, the services sector has the highest contribution to Gross Domestic Product (GDP) at 57% in 2017. Within the sector, Trade (wholesale and retail services) is the largest contributor to GDP, followed by Information and Communication.

Examining the performance with services, some of the services sub-sectors grew faster than GDP but slower than total services. For instance, Accommodation and Food Services grew by 5.76 per cent; Human Health & Social Services by 5.53 per cent; Transport by 5.42 per cent and Utilities by 5.53 per cent.

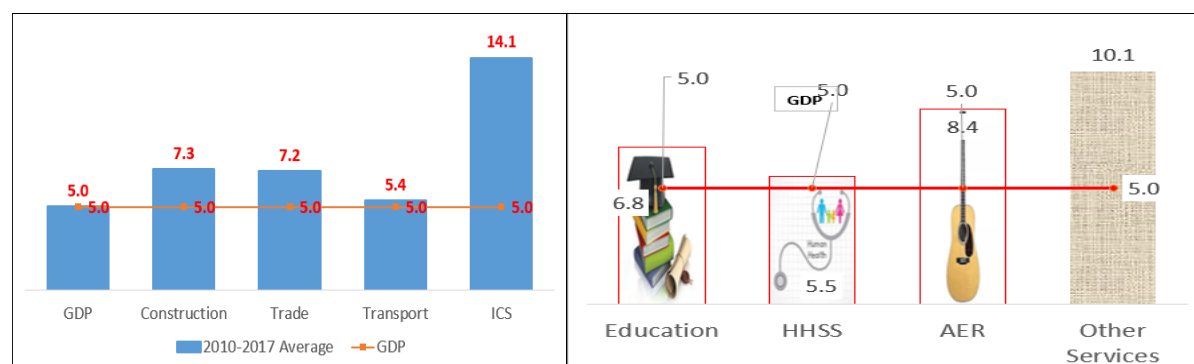


Figure 4.2: Growth rate of GDP and services Sub-Sectors (%)

Also, some of the services sub-sectors grew faster than services sector and overall GDP. They include: Information and Communication (14.12 per cent), Other Services (10.12 per cent), Arts, Entertainment & Recreation (8.45 per cent), Construction (7.32 per cent), Trade (7.20 per cent) and Education (6.83 per cent).

With respect to employment, findings show that the services sector created more employment in other sectors of the economy. This confirms the status of services sector in Nigeria's GDP, as the largest contributor to GDP.

The average of direct employment to the total direct and indirect employment effects between the year 2007 and 2017 was:

- Utilities - 52.2%
- Building and Construction (BCS) - 60.2%
- Information and Communication (ICS) - 72.6%
- Finance and Insurance (FI) - 87.7%
- Transport - 46.7%
- Other Services - 75.5%

Domestic Regulations

There are several domestic regulations that guide the services sector. Some of these include:

- All business enterprises must be registered with the Registrar-General of the Corporate Affairs Commission (Registrar of Companies).
- A foreign investor wishing to set up business operation in Nigeria needs to obtain local incorporation of the Nigerian branch or subsidiary as a separate entity in Nigeria for that purpose.
- The principal laws regulating foreign investments are, the Nigerian Investment Promotion Commission Decree No.16 of 1995 and the Foreign Exchange (Monitoring and Miscellaneous Provisions) Decree No.17 of 1995.

These laws deal with

- investment and participation in any enterprise in Nigeria,
- transferability of funds,
- nationalisation or expropriation of business,
- right of foreign investor to court,
- payment of compensation,
- documentation,
- appointment of foreign directors, and expatriate quota.

Factors affecting Services Current and Future Production and Export

The performance of the services sector in Nigeria is influenced by the following factors:

All services export supply:

- performance of real GDP - Economy
- trend of gross fixed capital formation - Infrastructure
- existence of natural resources endowment - labour force, human capital
- number of new businesses registered in the country - Business growth
- secondary school enrolment - Education and knowledge
- and telephone per 1000 people – Information and Communication Technology (ICT).

All of these factors have positive impact on total services export supply, both in the short run and in the long run.

In terms of the forecast for the behaviour of future services export,

- there is a good potential for services exports as shown by the upward dynamic export forecast of total, financial, telecommunication and travel (tourism) services.
- A persistent fall in the future export of other business services and transport services is forecasted.
- Export of insurance services is not expected to rise appreciably in the future.

This calls for provision of requisite government policy towards the development of the sectors.

Nigeria's services export firms have substantial export potentials and job opportunities as these firms have continued to increase the ratio of their export earnings to the total earnings.

- An increasing percentage of respondents' services export firms report that the proportion of their export earnings to total is between 21 and 40 percent for the respective years of 2016, 2017 and 2018. In addition, those firms with export earnings proportion above 40% increased from 16% in 2015 to 28.9% in 2019. This implies that export markets are becoming quite significant and important for Nigeria's services firms.
- Though, there exist services export firms with declining proportion of export earning, these firms need the support to not only create export market but to maintain it.

Modes of services exports

Most of Nigeria's services export firms engage in cross-border supply (Mode 1). Modes which accounted for lower proportion of total export activities of these services export firms are:

- Consumption abroad which captures tourism (Mode 2),
- establishment of services abroad (Mode 3) and
- intra-corporate transferees (Mode 4)

Services Exports and Imports

Leading services imports in Nigeria, in terms of value are financial services and insurance and pension services while areas with low Imports include construction, personal, cultural and recreational services. Charges for the use of intellectual property has a high import value. Sectors with appreciable growth of exports are telecommunications, computer, and information services.

However, it is clear from the data that Nigeria does not have competitive advantage in any of the services subsectors

- Services deficits recorded and these deficits were huge in personal, cultural and recreational services, insurance and pension services and travel services deficits.

Examining cases from other countries success in service exports is typically driven by

- Economic liberalization
- Sector-targeted promotion policies
- Development of human capital
- Strong institutions
- Provision of critical infrastructure.

In Nigeria, there is absence of targeted and systematic export promotion strategies for exporting services. The Nigerian Export Promotion Council directs the bulk of export promotional work to the goods sector.

Regional Commitments

The draft Nigeria's Schedule of Specific Commitments for Trade in Services in Economic Community of West African States (ECOWAS) for the AfCFTA is being worked and is not yet made public. When made public, there will be need to analyse its impact on the economy in general and tangible goods production in particular.

2.2.3 Recommendations

Recommendations of the study will be presented under four main broad areas. They include:

Broad areas	Action steps required
On Services Growth and Employment Potentials	<ul style="list-style-type: none"> • The trade (wholesale and retail services) subsector is the largest contributor to GDP followed by information and communication. This should be enhanced with delivery quality and standards. • The growth of the Arts, Entertainment & Recreation should be enhanced through multifaceted policies of sector promotion, export incentives, tax incentives, protection of intellectual property among others. • Slow and low growth sub-sectors such as Accommodation and Food Services, Human Health & Social Services, Transport and Utilities should be focused on specially to understand factors impinging on their growth and implement policies to assist their market development.
On Domestic Policies and Regulations	<ul style="list-style-type: none"> • There needs to be a holistic services sector policy with strategic development plans for priority sectors – financial services, tourism, communication, professional services and transport. • Domestic regulation that will engender the profitable production and export of services are required to be put in place.
On Services Trade and Services Export Promotion	<ul style="list-style-type: none"> • The government should be at the forefront of assistance to provide market opportunities for services firms in export markets. • Foreign road shows and trade fairs should be overhauled to include services. • There should be sector-enhancing liberalization, sector-targeted promotion policies, development of human capital, strong institutions and provision of critical infrastructure to promote the services sector in Nigeria.

<p>On Future Multilateral and Regional Services Trade Policy</p>	<ul style="list-style-type: none"> • There should be capacity building for private sector stakeholders especially services providers on services trade and services export potential • There should be services import impact analysis to deepen knowledge base about current trade-related practices and implications of impending trade agreements in services such as the AfCFTA, ACP-EU Post-Cotonou Agreement and the WTO-related Trade in services agreement (TISA).
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In addition to the above recommendations, Nigeria needs to undertake a ‘none’ entry for market access and national treatment in the priority sectors. This is in view of the fact that 100% foreign participation is allowed in the regulations and there is no significant discrimination between domestic and foreign services providers.

Exception to this recommendation is in the professional services sector

- there are significant restrictions to market entry and national treatment of foreign practitioners
- Any liberalization should be discussed with relevant business membership organisations (BMOs).

The general recommendation is that the commitments in the AfCFTA will be expected to be better in terms of quality of offer than at the multilateral level.

Area of further research: Conduct a research on the Identification of services exports opportunities in countries of export destinations and impediments through negotiations in multilateral and regional services negotiations.

2.3 Panel Discussions

Moderator: Mrs Abosede Paul-Obameso

Panellists:

- Mr. Francis Anatogu, Executive Secretary, National Action Committee on AfCFTA and Senior Special Assistant to the President on Public Matters
- Barrister Nkiru Joy, President/ National Coordinator at Nigerian Network of Women Exporters of Services
- Dr Madu Obiora, President, Association of Outsourcing Professionals of Nigeria (AOPN)
- Barrister Legborsi Nwiabu, Trade Lawyer and Private Sector Specialist, Executive Director Nigeria Private Sector Alliance (NiPSA)



- Mr. Abubakar .G. Shu'aibu, Assistant Director, Services, Nigerian Export Promotion Council (NEPC).

Moderator: For the sake of individuals that are new in the export business, kindly explain what services export is about?

Dr Madu Obiora: First, I must commend Professor Bankole for the insightful presentation. I had the opportunity to prepare a report on services for the International Trade Centre (ITC) in 2006 and data was a major challenge.

I have been in services exports since 2004 with the ITC. Many years ago, the World Trade Organization (WTO) developed the four modes of services exports which every exporter must be aware of. Unfortunately, in Nigeria, many individuals and businesses that engage in services export are not aware of this, simply because of lack of understanding of what services export entails. Understanding these modes will make many individuals realise that they engage in export of services.

The four modes of services trade include:

- Mode 1 — Cross border trade – services supplied from the territory of one country into the territory of any other country.
- Mode 2 — Consumption abroad - services supplied in the territory of one country to the service consumer of any other country.
- Mode 3 — Commercial presence - services supplied by a service supplier of one country, through commercial presence, in the territory of any other country
- Mode 4 — Presence of natural persons - services supplied by a supplier of one country, through the presence of natural persons of a country in the territory of any other country.

One key ingredient for success in services trade is building capacity and conducting awareness campaigns as many individuals and businesses are not aware that they engage in service trade. In the past, the Commonwealth has provided some assistance to Nigeria in the aspect of knowledge building by creating modules and courses for individuals and small business owners that are interested in service trade. Given the endless opportunities in the services sector and its potential to employ majority of the younger generation, Nigeria needs to create business-friendly policies to support the sector.

Moderator: Where can individuals obtain relevant information about services exports and how can capacities be built in the export of services?

Abubakar G. Shu'aibu: COVID-19 pandemic and its impact brought to the fore the importance of services exports in Nigeria. In the light of the pandemic, the NEPC decided to develop workable strategies to promote services exports and will provide all the necessary support such as capacity

building, information sharing, which are needed to improve services exports. The NEPC is also planning to rollout programmes for the sector. Approvals have been granted for some projects that are aimed at promoting services exports in Nigeria.

Moderator: You mentioned that COVID-19 is a game changer and the NEPC is working to improve services. How much of engagement with stakeholders is going on?

Mr. Abubakar G. Shu'aibu: There are consultations going on. Recently in Imo State, there was a session at the National Council on Communication where discussions about services export were held. The NEPC currently has a committee that is currently reviewing all incentives offered to businesses and the scope of this committee includes the service sector. The Council is working on a document that guides its interventions and support for services exports in Nigeria. Engagement of stakeholders has been carried out in Kano and those in Port Harcourt will be engaged in coming months.

Dr Madu Obiora: When the NEPC established a strategy for incentives, I was among the individuals that advocated for the inclusion of services exports. The Council is working on a document that will serve as a guide in promoting services exports in Nigeria. The NEPC has held consultations in Lagos (twice) and Kano and a draft document has been developed. There are plans to engage stakeholders in Port-Harcourt and Abuja in subsequent weeks. All these imply that there is a growing interest from the NEPC to develop services exports in Nigeria.

Moderator: Have you or your members felt any of the NEPC/government incentives for services export?

Barrister Nkiru Joy: Many of these incentives are on paper and are not translated into real impact on businesses. Currently, there is a lot of focus on goods export in Nigeria with limited attention to services exports. Women in services exports have not received any of these incentives.

Moderator: You mentioned the women in services. It would be interesting to know how women engage in the sector, what are their areas of strengths, what activities do they engage in. Also, I would like you to provide two recommendations for NEPC going forward.

Barrister Nkiru Joy: First, we need to understand the 12 areas of the services sector as highlighted below:

<ol style="list-style-type: none"> 1. Business services and professional services <ul style="list-style-type: none"> ○ Accountancy services ○ Advertising services ○ Architectural and engineering services ○ Computer and related services ○ Legal services 2. Communication services <ul style="list-style-type: none"> ○ Audio-visual services ○ Postal and courier, express mail services ○ Telecommunications 	<ol style="list-style-type: none"> 3. Construction and related services 4. Distribution services 5. Education services 6. Energy services 7. Environmental services 8. Financial services 9. Health and social services 10. Tourism services 11. Transport services <ul style="list-style-type: none"> ○ Air transport services ○ Land transport services ○ Maritime transport services ○ Services auxiliary to all modes of transport 12. Movement of natural persons
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The services sector accommodates many women- about 70% of women in the workforce operate in the services sector. This means that women play a huge role in the development of the sector. To improve the sector, government policies, therefore, need to be gender-sensitive and two main reforms are crucial going forward:

- First, the NEPC needs to build capacity. The NEPC must create awareness on what the services sector entails and what services exports are. This can be done through partnerships and collaborations with the relevant Business Member Organisations (BMOs) across the country.
- Second, on incentives, the NEPC and other government agencies need to ensure that these pronounced incentives eventually get to the people and businesses that need them. In addition, the requirements for many of the available funding packages for different industries make it cumbersome for women to access them. A clear barrier for instance is the demand for collateral. This must be addressed going forward.

Moderator: The potential for growth of the services sector is huge, especially in the light of the African Continental Free Trade Area (AfCFTA) Agreement. How is Nigeria supporting the service sector to harness this potential?

Mr. Francis Anatogu: The government team on the AfCFTA is putting together a strategy for services trade. This strategy will also capture specific incentives for the services sector and key agencies and stakeholders such as the NEPC, the Nigerian Investment Promotion Commission (NIPC), Standards Organisation of Nigeria (SON), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), etc. will be engaged in developing this strategy. The government will also monitor and ensure proper implementation. Already, the NEPC is part of the National



Action Committee for the AfCFTA while sector associations have been engaged to provide input into the strategy being developed. For instance, the Nigerian Bar Association (NBA) has developed their plans to engage the rest of Africa. The Action Committee is urging other sectoral associations such as the Nigerian Society of Engineers, Health Associations among others, to adopt similar approach and provide input into the strategy. The Action Committee will also consider the recommendations from the report presented by Professor Bankole. Lastly, there is an urgent need to focus on the standards of goods and services in the country.

Moderator: As we trade services across borders, what are the policies and legal backings that are available to protect exporters of intellectual property rights?

Barrister Legborsi Nwiabu: Issues relating to Intellectual Property (IP) were not captured in the presentation by Professor Bankole. IP is a crucial subject in the services sector and there needs to be a section in the report dedicated to mapping IP in Nigeria. In developing the services sector, priorities should be formed from the services sub-sectors that Nigeria has committed to, at the WTO. Nigeria needs to conduct a current state assessment of the sector and examine the way forward.

There is also the issue of un-notified liberalisation which needs to be examined. Outside the four sectors that Nigeria has committed to at the WTO, there are sectors that are already liberalised. For instance, Nigeria has not liberalised the education sector but there are foreign universities existing in Nigeria. This also applies to health and construction.

From the presentation, it was stated that Nigeria exports more services to the United States and Africa than to the United Kingdom and China. It would be interesting to know the source of this data; how many exporting firms are there in Nigeria and which countries do these exporters trade with the most.

There is a stark difference between export promotion and export development. NEPC is engaged more in promoting exports but there is a major gap in the aspect of development. This needs to be looked into.

Also, there needs to be proper definition of services sector terminologies in the report.

In addition, issues relating to digital transformation and digital trade are important but were not captured in the report. Outsourcing is a very important aspect of services exports and it needs to be discussed in the report.

Nigeria needs to understudy on-going initiatives in the continent relating to the services sector. The African Union Service Sector Development Programme is on-going and Nigeria should key into this programme.

Lastly, it is worrisome that Nigeria does not have a strategy for exports (including services exports) even as the implementation of the AfCFTA will begin in January 2021.

2.4 Audience Participation/ Q&A

Professor Abiodun Bankole: Data used in the report were derived from surveys conducted and from secondary sources. From the results, majority of respondents stated that they exported more to Africa and secondly to the United States. Also, digital trade was captured under ICT.

The report covered the entertainment industry and it stated that improving the industry will have impact on IP. The study was executed in line with the Terms of Reference.

Mr. Abubakar G. Shu'aibu: Several years ago, the NEPC developed a working document and a strategy to promote non-oil export, known as the Zero-Oil Plan. The Council noted that services export was omitted from the plan. Currently, the NEPC is holding a validation meeting to examine important areas that were omitted from the Zero-Oil plan. After this meeting, the plan will be amended and crucial aspects of non-oil exports will be added.

The specific mandate of the NEPC is to promote non-oil export. However, the agency has also embarked on several initiatives to develop exports in Nigeria.

On incentives, the existing export incentives do not cover services export. The NEPC is reviewing several incentives for services export. This will be incorporated into the Zero-Oil plan.

Mr Olufemi Boyede:

- Despite the importance of services in Nigeria and 25 years after NEPC was brought into global mainstream of export services, Nigeria is yet to develop its services exports. Nigeria does not have a services export strategy in less than a month to the commencement of the AfCFTA. This is a sad development for the sector.
- Among the 18 export incentives promulgated in 1988, only the Export Expansion Grant (EEG), which is even a post-shipment incentive for goods export, is active. Data shows that exports in Nigeria is enough to warrant N40-50 billion incentive every year, but only N1 billion worth of incentive is provisioned for exports as contained in the federal government budget for 2020 and 2021. The key fact is that there aren't adequate incentives for non-oil export in Nigeria, while there is no incentive for services exports.
- The NEPC needs to listen to and engage with the export community in Nigeria. The Council also needs to commission a study on what other countries, particularly neighbouring countries, are doing to support export.

- The development of exports in Nigeria should be given utmost importance. The NEPC needs to conduct a strategic retreat to include in its mandate, the development of exports in Nigeria. The Council needs to metamorphose into Nigerian Export *Development* and Promotion Council to enable it perform the function of developing exports.
- It is crucial to find out how much government has spent on exports in Nigeria over the years in order to examine the impact and efficacy of government subventions.

Dr Madu Obiora: Exports thrives on a tripod- *Development, Promotion and Capacity Building*. The NEPC has struggled to perform all three roles in Nigeria.

The presentation by Professor Bankole needs to highlight the importance of outsourcing which accounts for a large proportion of services export in Nigeria. Global Outsourcing Ltd, which operates in Nigeria, has become a major player in the sector with over 800 members of staff. One key challenge is that Nigeria is not viewed as a quality services export destination globally, despite all its advantages and potentials. This needs to be looked into. Secondly, there is need for inter-agency collaboration to improve outsourcing. Due to the nature of outsourcing, government ministries and agencies such as the National Information Technology Development Agency (NITDA), the NEPC, Ministry of Labour and other relevant MDAs will have to constantly work together to improve the sector.

There is a lot of activities going on as regards services exports across the world but Nigeria is being static in developing the sector. Many countries are taking significant steps to improve the sector.

Also, there needs to be proper definition of terminologies in the services sector as pointed out earlier. For instance, many individuals who are new in the sector must understand the difference between services exports and export services.

Lastly, as regards the country that accounted for the largest share of Nigeria's exports, it is important to confirm if respondents were asked about services or goods exports.

Professor Abiodun Bankole: The survey only covered businesses that produce services. Producers of goods were not surveyed. In the process of collating data, Chambers of Commerce in Lagos, Abuja, Kano and Enugu were engaged. Data from secondary sources were used from recognised institutions.

Mr. Francis Anatogu: The NEPC Act states that the Council is responsible for exports development as well as promotion. For the past 50 years, Nigeria has focused on crude oil and has paid less attention to services export. Services export can be likened as a *blackbox* which many individuals know little about. This *blackbox* must be unlocked and this will require some time. While the AfCFTA will commence in January 2021, several aspects of the deal will not start

immediately. Tariffs books and other reports are still being prepared. All of these will aid negotiations and implementation of the agreement. We must note that trading in services will commence when offers are made and concluded by countries.

On incentives for exports, it is important to note that the EEG is not working as it should. Nigeria needs to implement deliberate policies to develop non-oil exports. Government agencies are playing this important role and with time, I believe all of the efforts will converge. At the National Action Committee, all relevant stakeholders are represented and are providing input into the work being done. The policies, regulations and laws work stream is working to tie all the knots. The work stream will develop new bills or propose amendments to existing legislations where necessary in order to provide legislative backings. This is important because the AfCFTA will guide how Nigeria trades with the rest of the World in the next 10 to 20 years.

In the presentation delivered by Professor Bankole, the data on exports is consistent with some of the works that have been done in the past.

Moderator: How much input is the National Action Committee getting from stakeholders?

Mr. Francis Anatogu: On legal services, the Nigerian Bar Association has an AfCFTA committee that has provided input. Institutions such as Nigerian Association of Chambers of Commerce, Industry, Mines, and Agriculture (NACCIMA) and MAN have also provided input. These institutions are part of the National Action Committee. The Committee has also had several workshops with participation of at least 150 individuals at each session. The Minister of Industry, Trade and Investment has held stakeholder engagement sessions in the areas of Financial services, Power, Oil & Gas etc. Nigeria is making progress as regards the AfCFTA. Specific recommendations will be drawn from today's engagement.

Mr. Abubakar G. Shu'aibu: All comments and suggestions are noted and prompt actions will be taken. The NEPC is working to ensure Export Development Fund (EDF) captures and supports small businesses. The Council has been embarking on rigorous capacity building to create more awareness and interest in the services sector.

Moderator: How many Nigerian women have been able to export services through the support of the NEPC?

Barrister Nkiru Joy: There have been some trade events supported by the NEPC. The Nigerian Network of Women Exporters of Services has a database of women in services export. The Network needs to expand and capture more members and it is appealing to the NEPC for support on data collation. In the past, the Network has organised events on services exports for women involving several foreign companies, embassies of Sweden & Canada, state governments in Nigeria, the NEPC, MDAs and business associations.

Moderator: How can Nigeria improve its competitive advantages in services exports?

Dr Madu Obiora: It is important for Nigeria to identify its areas of strengths. Outsourcing is one of those areas. The business of outsourcing consists majorly of two aspects: Voice and non-Voice which account for 32% and 68% respectively. Several countries have examined their areas of strength in outsourcing and have made efforts to provide policy support and incentives to businesses that operate in that area. Kenya, for instance, realised that they have comparative advantage in the area of voice and this led to the emergence of KenCall, which has become the best outsourcing company outside Europe. Statistics point to the fact that Nigeria has a strong advantage in outsourcing- a youthful population, favourable time zone (GMT+1), English-speaking population- but a lot must go into improving the reputation of the country. Also, government agencies need to support the industry and provide the right policies. There is need to have a holistic strategy and narrow to two or three services that can be developed. Several countries have proven that developing industries is not rocket-science and it can be done. Relevant government agencies need to gather data on services exports in Nigeria.

Moderator: Is there a register for services exports in Nigeria? If not, how can this be generated?

Dr Madu Obiora: There is domiciliary account where foreign currencies are kept. Nigeria has the form M for importation of goods; NXP form for export of goods and form A for imports of services. However, Nigeria does not have any form for services exports, suggesting low importance associated with services exports. Government must provide incentives, tax holidays to attract investors into the sector.

Closing Comments from Panellists

Barrister Nkiru Joy: Services exports is one important area that must be developed and Nigeria must pay attention to issues of gender in the sector going forward.

Barrister Legborsi Nwiabu: It is important for government agencies to understand the Nigerian ecosystem before policies are made. This is important in improving implementation. The Ministry of Industry, Trade and Investment needs to engage stakeholders and provide a services export trade policy. This will provide clear understanding of services exports, the players in the sector, and provide other relevant information. More stakeholders, including the Central Bank of Nigeria (CBN), need to be engaged.

Dr Madu Obiora: According to International Trade Centre (ITC), by 2050, 80% of people working worldwide will be in the services sector. The United States of America and many other countries

earn a lot from services and Intellectual Property (IP). These countries have understood the importance of services; so should Nigeria.

Mr. Abubakar G. Shu'aibu: All points have been noted and concerns will be given priority for action. Issues relating to services export will be addressed by the NEPC soon.

Mr. Francis Anatogu: For Nigeria, services sector is the arrowhead of the AfCFTA. It is the least understood area, but the government will continue working and will be deliberate in growing the sector especially because the potentials are huge.

3.0 Closing

Mrs Titi Ojo thanked the participants, panellists and Professor Abiodun Bankole. Mrs Ojo noted that the event was streamed live of Facebook. A poll on audience feedback was conducted as the Roundtable came to an end at 13:14.

4.0 Feedback on event

During the AAR which held same day, it was unanimously agreed that the event met its objectives of:

- Providing the forum for relevant stakeholders to discuss the findings from the Services Export study and the best approach to utilize the output from the study to support diversification efforts of the GoN;
- Generating recommendations on necessary reforms, process restructuring, and elimination of various challenges identified in the study.

Good points

- Good communication among PDF team members and between the Consultants and service providers helped to ensure smooth planning and execution of the event.
- Excellent facilitation which ensured smooth progression of the event throughout the various segments from the opening, to technical presentation as well as panel discussions and Q&A sessions.
- Knowledgeable panellists from different backgrounds aided the quality of discussions.
- Excellent moderation- The facilitator conducted some background research ahead of the meeting which made the questions posed to panellists very targeted and interesting

Concerns

The allotted time was overshot by some minutes although it seemed to be a time invested rather than wasted. The extra time helped the moderator tease out follow-on issues, secure firm commitments.

Opportunities

The lessons learned from similar projects were employed in this event to ensure it went smoothly

Annex 1: Event Communiqué

1. Services is the largest sector in the Nigerian economy. It accounts for 53 percent of GDP in 2019 and contributes significantly to employment. Despite the importance of the sector to the economy, its contribution to exports remains significantly low largely due to intense focus on goods exports. Going forward, the Roundtable called for the development of a holistic services sector policy with strategic development plans for priority sectors – financial services, tourism, communication, professional services and transport. These plans must identify the potential of the sector and outline specific goals and action plan needed to move the sector forward.
2. Given the opportunities in the services sector and its potential to employ majority of the younger generation, Nigeria needs to create business-friendly policies to support the sector. Nigeria needs to identify its areas of strengths; prioritise these areas and develop support policies to attract private capital into these areas. Outsourcing has been identified as one of the areas of strength. To take advantage of the opportunities that avail in outsourcing, the government must enact and implement deliberate policies that will position Nigeria as a quality services export destination globally.
3. The COVID-19 pandemic has revealed the importance of services exports in Nigeria. In the light of the pandemic and the opportunities it presents particularly in relation to digitization, the Nigerian Export Promotion Council (NEPC) is currently reviewing the Zero-Oil plan, which focuses on promoting and developing goods export. The plan will be revised to incorporate services exports and will include workable strategies to promote services exports in Nigeria. The NEPC was urged to hasten the process and engage relevant stakeholders in the review and development of the plan.
4. The services sector accommodates a large percentage of women in the workforce – about 70 percent. This makes the sector important in bridging the gender gap and empowering women. Government policies will, therefore, need to be gender-sensitive and support women in the sector. The Roundtable urged the NEPC and other stakeholders to conduct capacity building programmes for current and new players in the services export sector. Furthermore, women stakeholder groups need to be supported by providing them with appropriate incentives as well as relaxing the cumbersome collateral requirements for accessing support funds.
5. The Roundtable noted that many players in the services sector lack understanding of what services export entails. Many businesses engage in service exports but are not aware of

this. Understanding the four modes of services – Cross border trade, Consumption abroad, Commercial presence and Presence of natural persons – will help businesses position to take advantage of the opportunities that exist in services exports. Given this, the Roundtable urged stakeholders including the NEPC to conduct capacity building and sensitisation workshops for exporters, working with relevant business associations.

6. The Roundtable acknowledged efforts of the NEPC in promoting exports in Nigeria. It however noted that beyond promotion, conscious effort is required to develop non-oil exports in Nigeria. While there has been a focus on goods export at the detriment of services, the Roundtable cited the inadequate amount allocated to export incentives under the Export Expansion Grant (EEG). In addition, it highlighted the fact that there is currently no incentive for services exports in Nigeria. As a way forward, the Roundtable urged the NEPC and the government to provide incentives for services exports and implement deliberate policies to develop non-oil exports.
7. The Roundtable discussed Nigeria's readiness for the African Continental Free Trade Area (AfCFTA) Agreement which will commence in January 2021. The Roundtable noted that Nigeria does not have a comprehensive export strategy that captures services exports. It therefore urged the National Action Committee to urgently develop such strategy and further engage with relevant stakeholders to ensure Nigeria maximises the opportunities of the Agreement.