



FEDERAL MINISTRY OF INDUSTRY, TRADE AND INVESTMENT

**Draft Report on
Performance Evaluation of Free Trade Zone (FTZ) Licensees**

Submitted by

The Technical Working Group

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Executive Summary

Executive Summary^{1/2}

The Federal Ministry of Industry, Trade & Investment, ('FMITI') has commenced the process of revamping the delivery of world-class Free Trade Zones (FTZs) across the country as part of its Presidential Priority Projects. As part of this process, the Ministry established a committee to **address questions of ambiguity between supervising authorities, review the performance of current licensees and recommend the necessary reforms** to unlock the FTZs true potential as an instrument of economic growth and diversification.

Licensees operating under NEPZA performed significantly below expectations against National Aspirations especially in terms of **exports, job creation and level of activity**. Furthermore, against their own targets, they recorded poor performances in all key financial and non-financial metrics.

A key point to note is the **high number of moribund zones, as 60% of total licensees are inactive**. This is prevalent amongst publicly owned/sponsored licenses and FTZs licensed for manufacturing.

The PEBEC 2018 report **indicates significant room for improvement in terms of internal operations**.

Licensees operating under OGFZA also performed below National Aspirations specifically in terms of **exports, local content and employments**, though, positive figures were recorded in terms of active licensees and revenue generation for the government.

Additionally, the performance against their own targets was a mixed bag. Performance in non-financial metrics was poor with employment metrics and occupancy rates being below expectation while they were able to exceed expectations in **key financial metrics such as Foreign Direct Investment (FDI) and local investments**. The positive performance could be partly due to the nature of its oil & gas enterprises with highly developed, sophisticated and well-funded operators.

The PEBEC 2018 report **indicates high levels of efficiency and compliance by the Authority**.

Executive Summary^{2/2}

Based on the National Aspirations, the current challenges of licensees and the review of leading practices, the following recommendations were proposed.

1. The outcome of the review of leading practices revealed that the role of regulator and operator should be separated, to enable FTZs function effectively. Consequently, the roles of the **supervising Authorities should be restructured**. It is specifically proposed that **NEPZA should function as the developer of FTZs and OGFZA as the regulator** of FTZs. As developer, NEPZA will focus on developing FTZs and promoting investment, while as regulator, OGFZA will focus on recommending licenses and supervising licensees.
2. **Establish the Free Zone Development Initiative** - Specific items need to be promptly addressed which require a whole-of-government approach and significant investment. These include restoring access roads, improving power supply, dredging seaports, addressing ongoing environmental degradation and provision of adequate security to safeguard daily operations at the zones.

Furthermore, an unprecedented quantum of capital is required to realise the Federal Government's ambition of establishing world-class economic zones. We estimate the funding required to be ~ US\$2bn.

3. **Improve the collaboration between government agencies** within the zones and define specific responsibilities to avoid overlaps and inefficiency in the provision of services to zone enterprises.
4. **Implement the following immediate measures** to deliver quick wins:
 - Present a memo to Federal Executive Council (FEC) to effect the proposed recommendations
 - Revoke the licenses of inactive zones
 - Revamp the process and criteria for selecting licensees and revamp the internal operations of the Authorities
 - Withdraw draft legislation to enable replacement with one which reflects proposed recommendations
 - Review the Industry-Wide Standard Tariffs (IWST)
 - Establish a community relations unit to aid dispute settlement with indigenous communities
 - Clarify the expatriate quota approval criteria
 - Specify extension period for the temporary movement incentives
 - Develop Industrial Parks and Clusters to support the growth of medium and small businesses and create new locations for industry



Introduction

The Ministry is committed to developing World-class Free Trade Zones (FTZs) across the country...

The use of FTZs in accelerating industrialisation has been successful in other parts of the world. However, Nigeria is yet to properly take advantage of the true potential of FTZs as an instrument of economic growth and diversification as poor implementation continues to hold back success.

The Federal Ministry of Industry, Trade & Investment, ('FMITI') has commenced the process of revamping the delivery of world-class Free Trade Zones (FTZs) across the country as part of its Presidential Priority Projects.

As part of this process, FMITI has identified the need to

- Carry out necessary reforms in the roles and responsibilities of the key actors in the promotion, operation, regulation and management of FTZs in order to address poor execution and perceived conflicts in roles and responsibilities.
- Address long-standing questions of ambiguity and encroachment of mandates, which have been the source of conflict between NEPZA and OGFZA for years
- Review the performance of existing FTZ licensees

The key objective is to provide detailed, actionable recommendations to inform Government strategy on FTZs, based on thorough evaluation of the current operations of FTZs and review of leading practices around the world.

A committee was established to conduct the performance review of Licensees. The Committee, in turn, established a Technical Working Group chaired by the Permanent Secretary, to execute its day-to-day activities.

To obtain a thorough understanding of the operations of the Licensees, we adopted the following work approach



Initial Planning/ Stakeholder Engagement

Engage and agree specific framework, templates and timelines with stakeholders to obtain information



Documentation Review/ Analysis

Obtain and review key information from stakeholders on the operations of FTZs



Physical Inspection

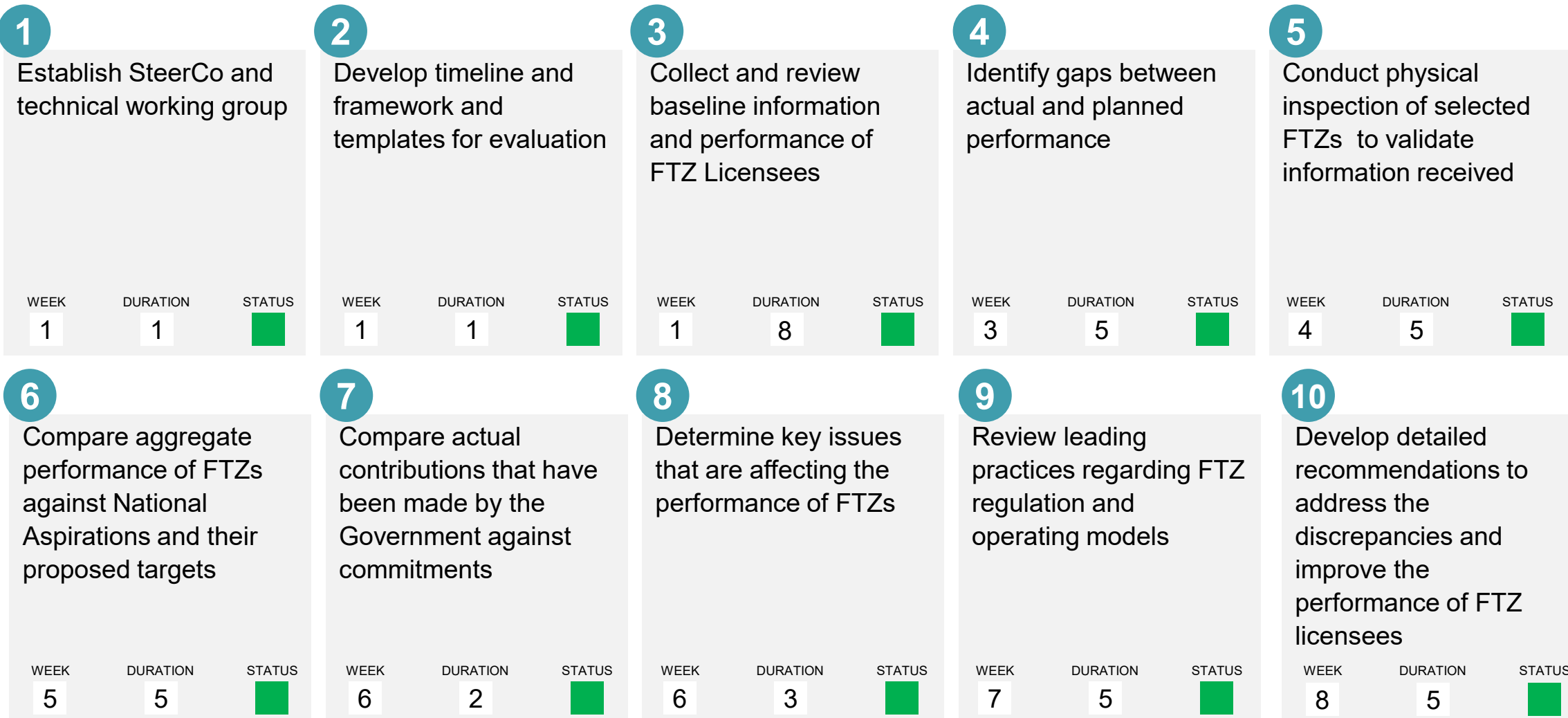
Physically visit and inspect selected FTZs to gain first-hand insight on their operations and verify information that has been provided



Documentation and Presentation of Findings

Document key findings and develop solutions to address issues. Present findings (interim and final report) to project sponsors

We engaged key stakeholders, physically inspected FTZ locations and conducted relevant research and analysis





Key Findings

The National Aspirations highlight key expectations from Licensees in terms of operations and investment....

The National Aspirations are as contained in documents that outline the expectations of the free trade zones at their conception and at various stages of National Development. They define the national objectives that the zones are meant to achieve and how they are expected to contribute to national development.

Nigeria Export Processing Zone Authority (NEPZA) Decree, 1992 (Decree no. 62)

According to the Act (Section 18 (1) e.), **up to 25% of production may be sold into the customs territory** against a valid permit, and on payment of appropriate duties;

The NEPZA Act approved the following activities for the Export Processing Zones

1. Manufacturing goods for Export
2. Warehousing freight forwarding and customs clearance
3. Handling of duty-free goods (transshipment, sorting, marketing, packaging etc.)
4. Banking, stock exchange and other financial services; insurance and re-insurance
5. Import of goods for special services, exhibitions and publicity
6. International Commercial Arbitration Services
7. Other activities deemed appropriate NEPZA

NEPZA 2004 (INVESTMENT PROCEDURES, REGULATIONS AND OPERATIONAL GUIDELINES FOR FREE ZONES IN NIGERIA) Issued Pursuant to Section 10 (4) of the Nigeria Export Processing Zones Act No 63 of 1992

The procedure and operational guidelines expected the following

- An approved enterprise that has secured a lease of land from the Authority/Zone Management shall commence development **within three (3) months** and operations **within eighteen (18) months** of the date of execution of lease agreement. Enterprises that fail to meet this requirement shall have their license revoked.
- Approved activities for investment **must be above USD500,000**

Oil & Gas Free Zone Authority (OGFZA) Decree 1996

- Up to a **minimum of 25% of production may be sold in the customs territory** against a valid permit, and on payment of appropriate duties.

Furthermore, Licensees are expected to contribute significantly to exports, imports, employment and foreign exchange..

UNIDO Feasibility Report (1992)

A Feasibility Study was performed for the establishment of an Export Processing Zone in Calabar. The key points to note are:

The principal impact of the proposed EPZ should be on **employment** and **foreign exchange earnings**.

Key Assumptions:

- Typically, **75% of total output should be exported**. In the Case of Calabar, 50% is expected to go to domestic market due to demand. Local content account for 50% of output.
- Output per employee is expected to be at **US\$ 10,000 per annum**. For EPZs where garment manufacturing is dominant, figure is expected to be US\$ 6,000 per annum.
- Target creation of 20,400 direct and indirect jobs within Calabar (Based on assumption of **300 people per hectare** on 67% of land leased)

Free Zones are also expected to provide revenue to the government and drive industrial development...

National Industrial Revolution Plan (NIRP) (2014)

NIRP Initiatives related to the Export Processing Zones include the following

- Reposition NEPZA as agency to promote Industrial Development in Nigeria
- Establish 8 Industrial Cities (Initial Stage).
- Establish other Industrial Cities (Second Stage)
- Roll out Specialized Industrial Parks and Clusters
- Industrial Energy Planning and Scheduling
- Rationalize existing FTZs, and improve their services and operations
- Consolidate Industrial Support Systems, in new Industrial Cities, and in existing Industrial Zones

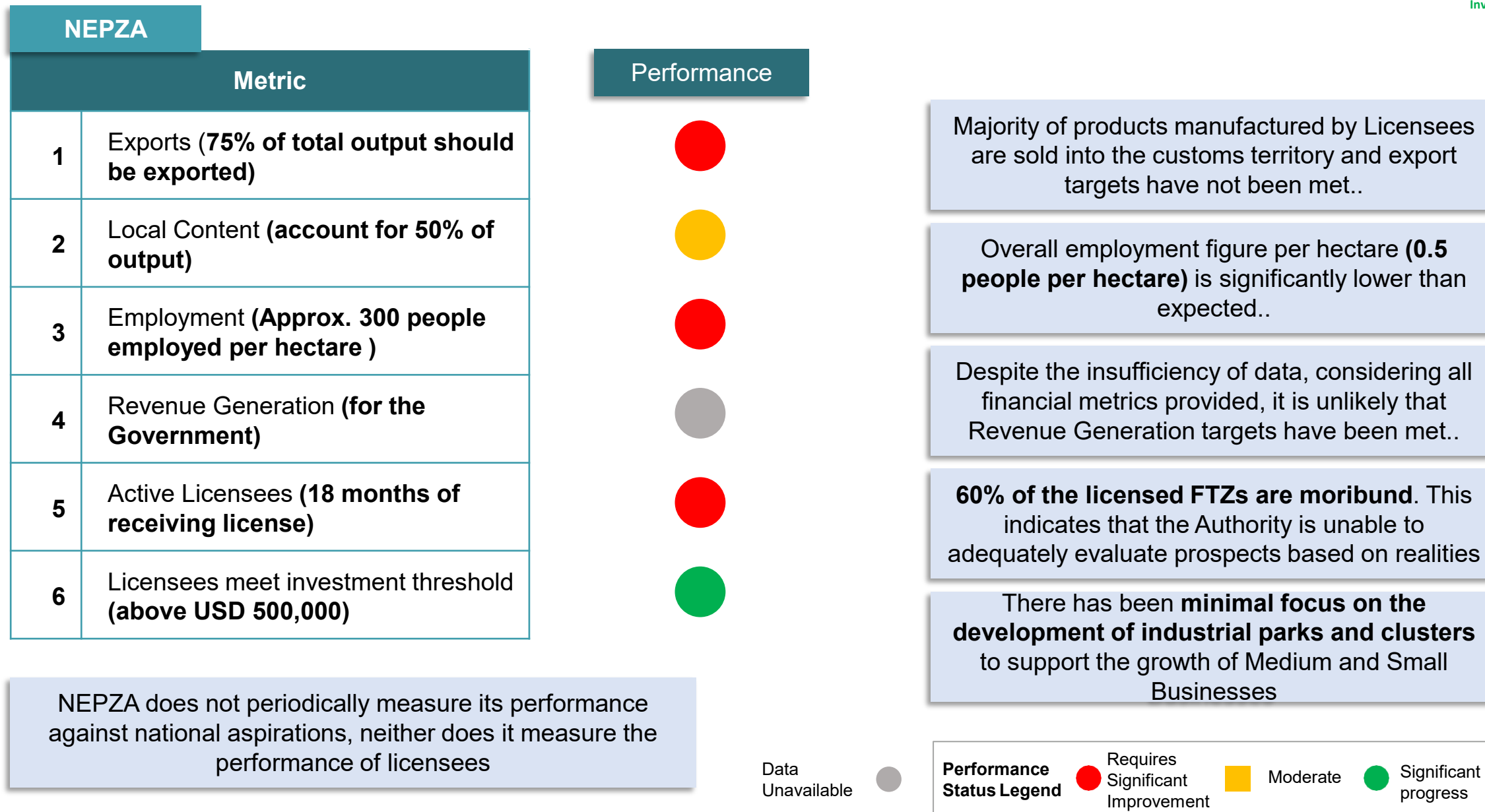
NIRP Expectations on Investments and Economic Impact

	Sectors	Revenues (\$)	Job Creation
Agro Allied	Food Processing Sugar Palm Oil Cocoa Processing Rubber Products Leather & Leather Products	~440m	High
Metals and Solid Minerals	Cement Auto Assembly Basic Metals Aluminium Chemicals	~500m	Medium
Oil & Gas Related Industries	Petrochemicals Fertiliser Methanol Refineries Plastics	~420m	Medium
Construction, Light Manufacturing and Services	Housing Light Manufacturing Services	~160m	High

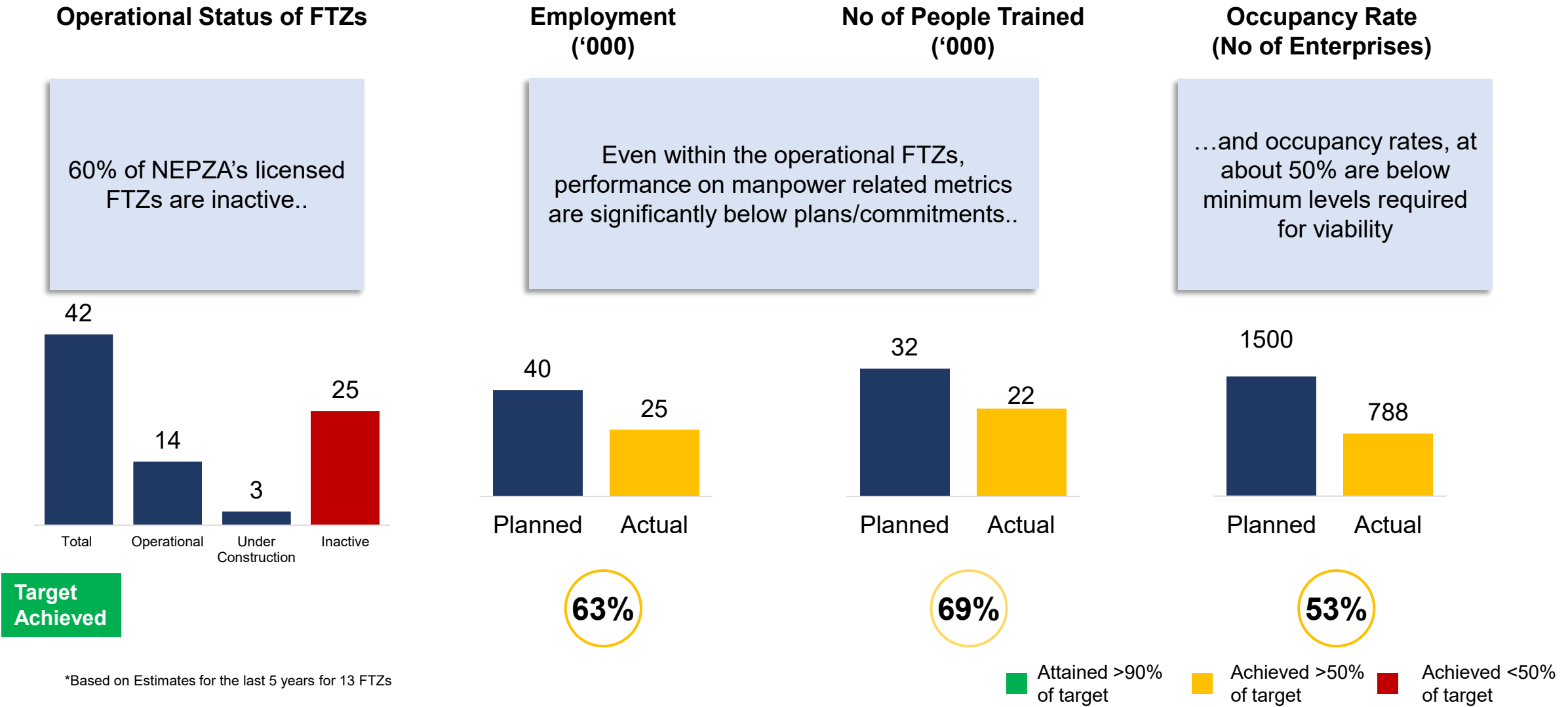
*Free Zones are expected to contribute to revenue generation through the relevant sectors e.g. Oil & Gas Related Industries are the primary activities for OGFZA Licensees

**Breakdown of the performance of zones in accordance to sectors is currently unavailable.

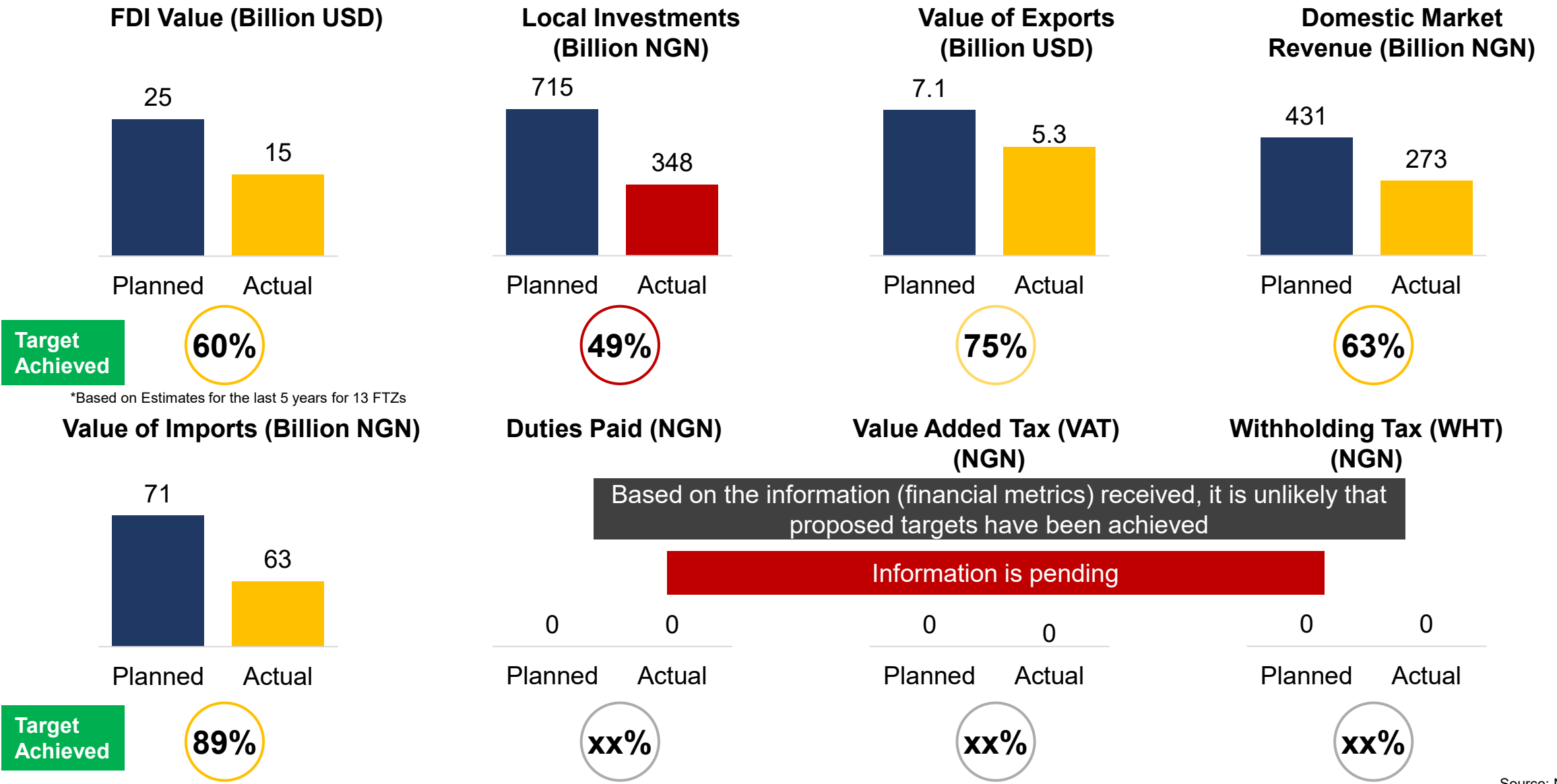
Overall performance of NEPZA has been below expectations...



NEPZA: Even among active zones, there is a high number of inactive ones with sub-optimal performance in key non-financial metrics ...



NEPZA: There has been consistent underperformance on key financial metrics, especially in local investments..



NEPZA: Predominance of 25 moribund zones is largely attributable to the ownership structure and proposed activities of the zone

There are 2 dominant themes in respect of inactive zones

Public Ownership

More than half of the moribund zones **(56%) are publicly-owned (12 are state owned and 2 are FGN owned)** which demonstrates lack of proper planning by project sponsors especially regarding required follow-through on resource commitment.

Furthermore, out of the 14 active zones, 2 are publicly owned, while 2 are PPP with the remaining 10 being privately owned. This signifies that publicly owned FTZ have a **historical track record of abandonment**.

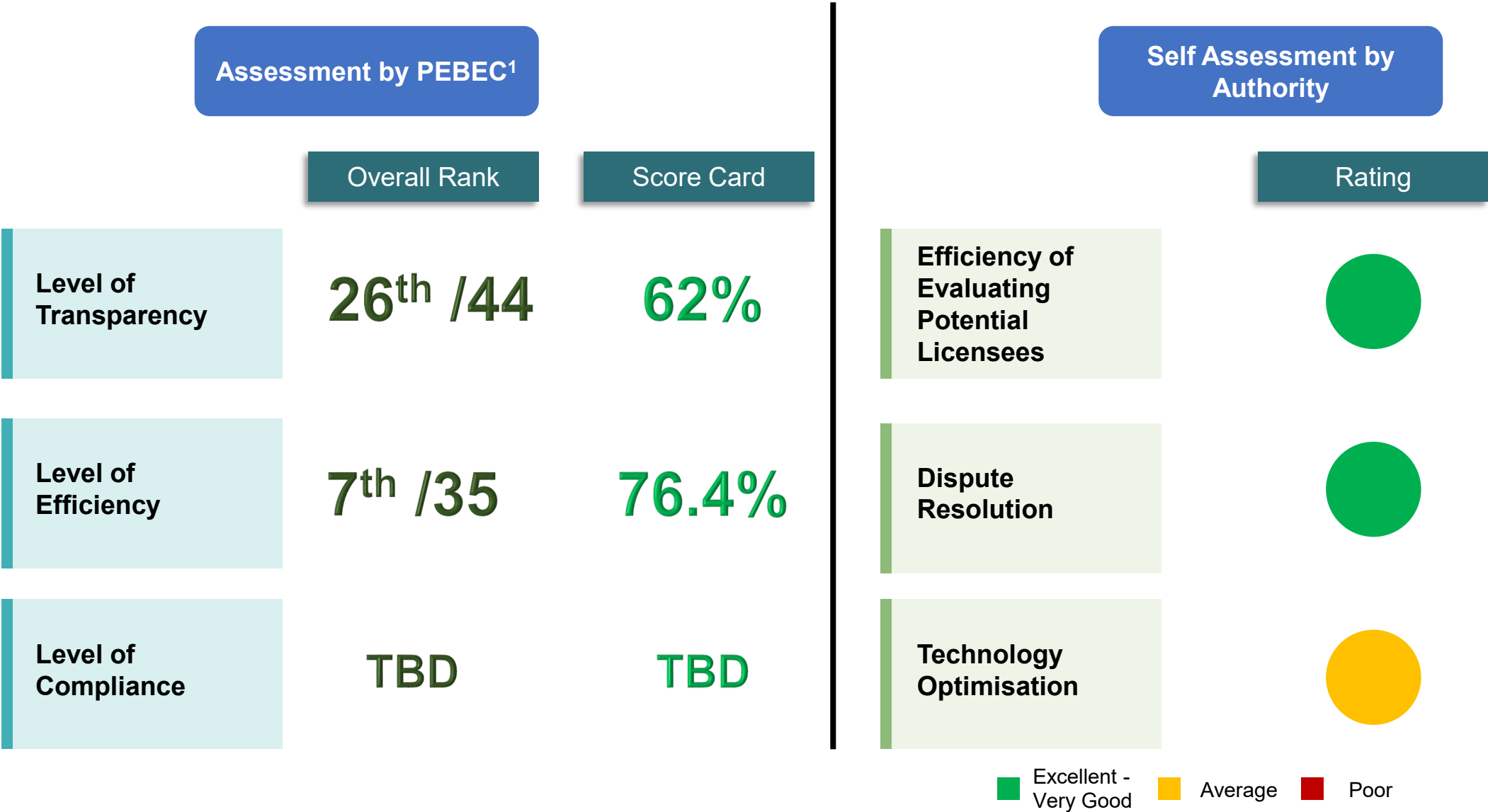
High approval rate for manufacturing FTZs

Majority of inactive zones have been earmarked for **manufacturing activities (52%)**. Many inactive operators have been able to obtain licenses based on the premise of manufacturing.

It seems that due to the importance of the manufacturing sector, **robust vetting procedures were not implemented** in the selection of licensees.

Consequently, many of these licensees have been unable to deliver on commitments that they made.

NEPZA: High level assessment of the Authority indicates significant room for improvement in internal operations and systems...



1. PEBEC Annual Report 2018

The performance of OGFZA has also been sub-optimal...

OGFZA		Performance	
Metric			
1	Exports (75% of total output should be exported)	●	Feedback from Licensees interviewed indicated that 87% of their products were sold into the customs territory, far exceeding the 25% threshold that was expected
2	Local Content (account for 50% of output)	●	
3	Employment (Approx. 300 people employed per hectare)	●	Overall employment figure per hectare (8 people per hectare) is significantly lower than expected..
4	Revenue Generation (for the Government)	●	
5	Active Licensees (18 months of receiving license)	●	Furthermore, relatively few Nigerians occupy senior management positions in zone enterprises
6	Licensees meet investment threshold (above USD 500,000)	●	Overall, OGFZA has relatively better performance partly due to the nature of its oil & gas enterprises with highly developed, sophisticated, well-funded operators etc.

OGFZA annually reviews the performance of its licensees against set targets.

Data Unavailable ●

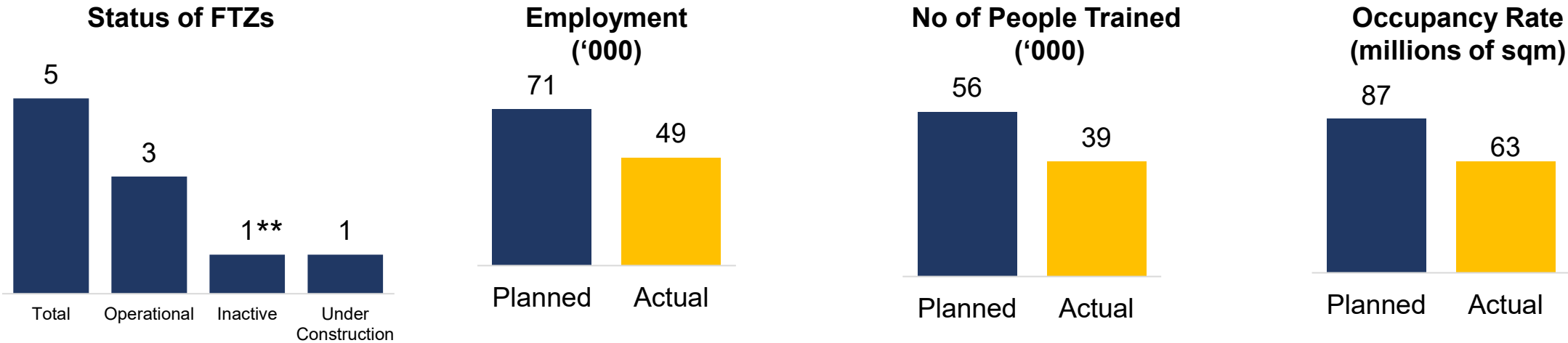
Performance Status Legend

● Requires Significant Improvement

■ Moderate

● Significant progress

OGFZA: While the operational status has been satisfactory, manpower performance and occupancy rates have been significantly below expectation



Target
Achieved

69%

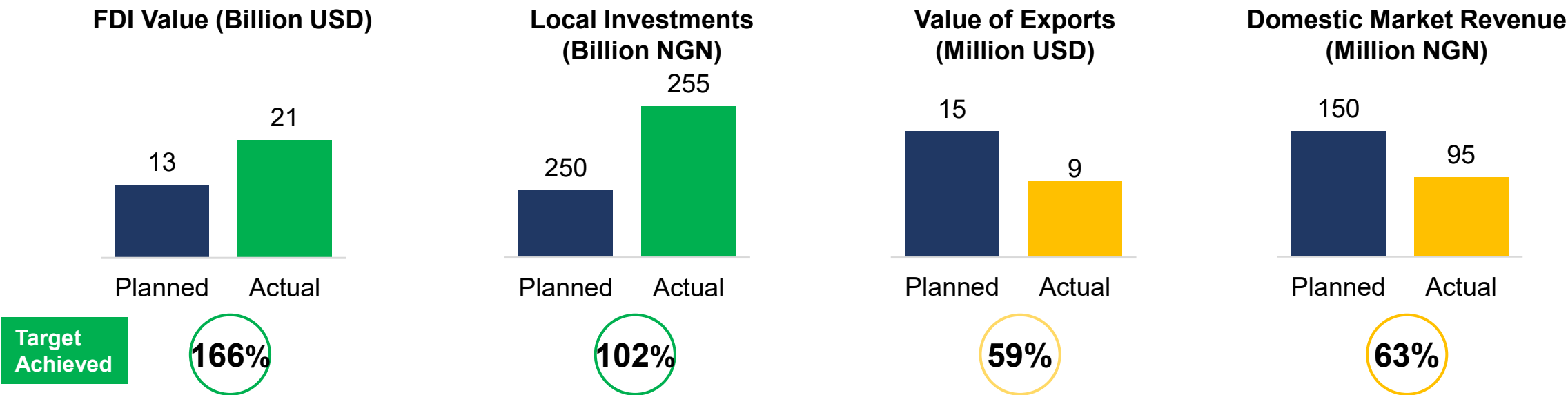
70%

73%

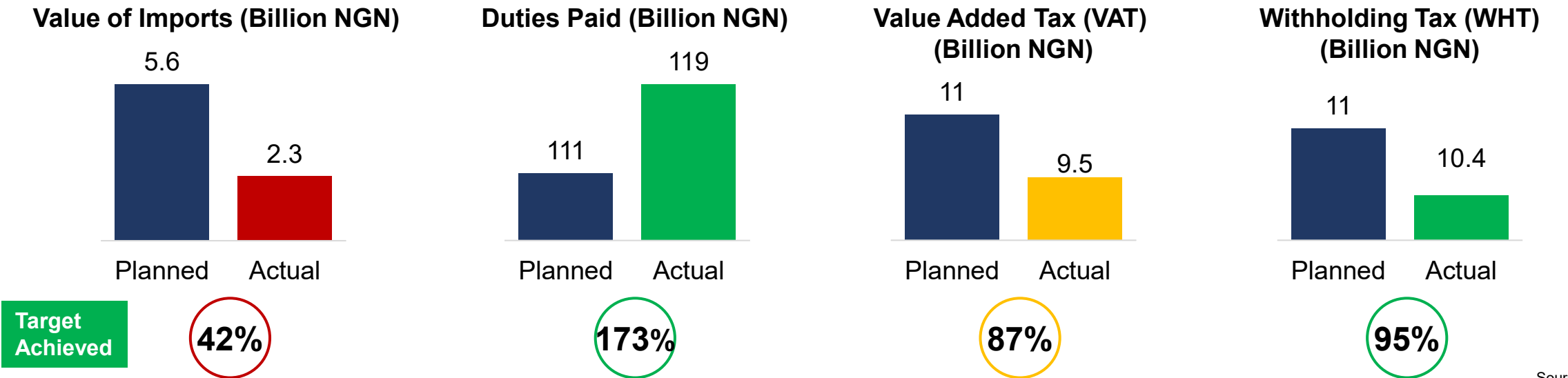
*Based on Estimates for the last 20 years for 3 FTZs **People Trained (2010-20)
**Brass LNG: Reason for inactive status are issues beyond the scope of FTZ Management

■ Attained >90% of target ■ Achieved >50% of target ■ Achieved <50% of target

OGFZA: While OGFZA FTZs have exceeded expectations in terms of investments, revenue and export targets have not been met..

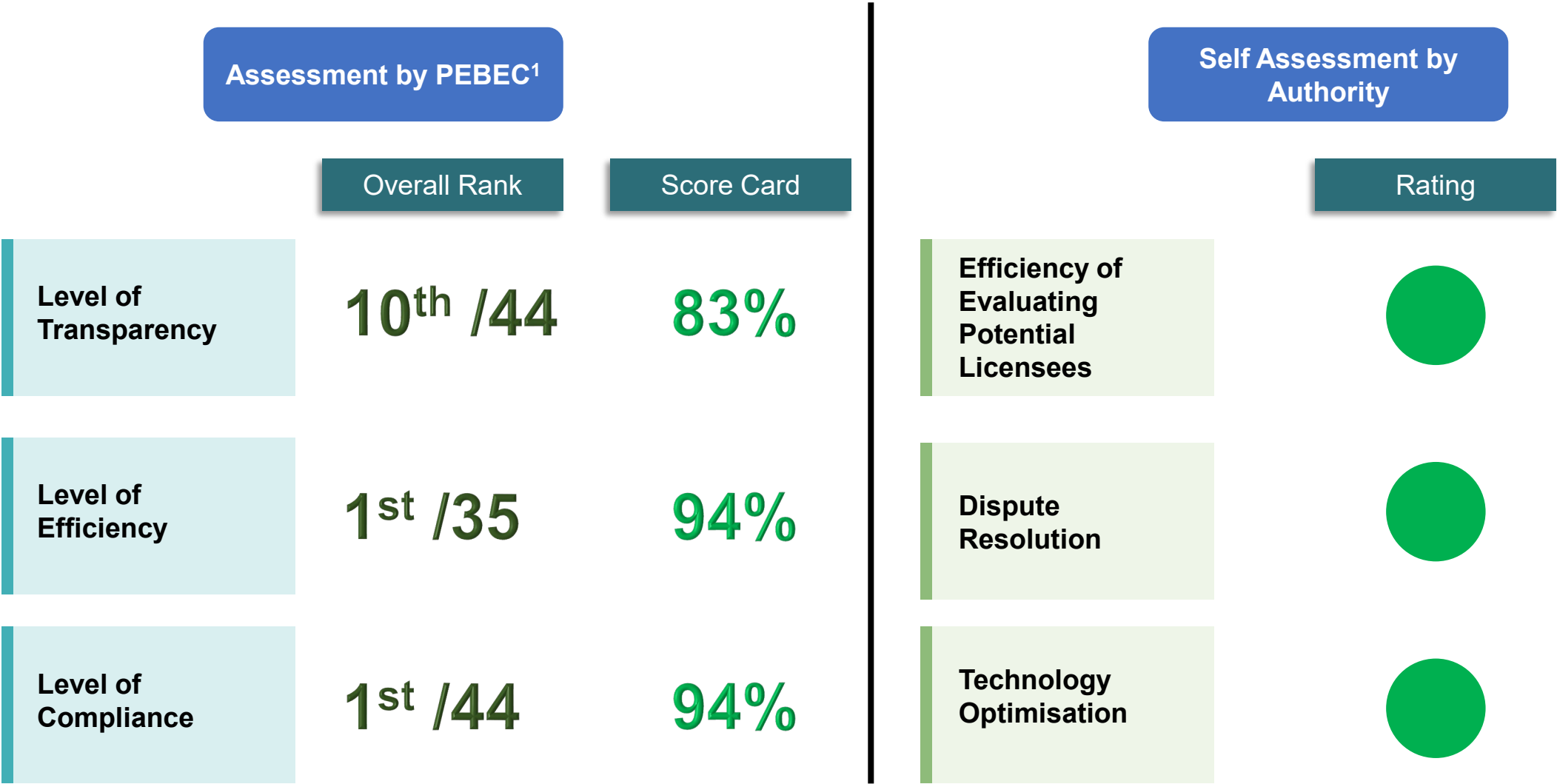


*Based on Estimates for the last 20 years for 3 FTZs **Exports and Domestic Market Revenue for Onne has been excluded due to insufficient data *** All Investment was received for Warri was in USD



*Based on Estimates for the last 20 years for 3 FTZs

OGFZA: Authority appears to be managing internal operations effectively, partly due to the high standards imposed by tenants and relatively smaller scope of operations...



 OGFZA were presented with the Ease of Doing Business Award by PEBEC in 2019

 Excellent - Very Good  Average  Poor

1. PEBEC Annual Report 2018



Key Issues affecting FTZ Licensee Performance

Majority of issues affecting the performance of Free Zones are related to activities of government agencies and current state of infrastructure...



Government Agencies Related Challenges

- Operational disruption by State Officials
- Overlap in land allocation responsibilities
- Scope of legal framework is not comprehensive
- Imposition of unanticipated taxes and charges
- Excessive Industry-Wide Standard Tariffs (ISWT)
- Lack of clarity regarding product specification standards
- Ambiguous Expatriate Quota Approval process
- Inaccuracy of the Pre-Arrival Assessment Report (PAAR)
- Time consuming process to obtain expatriate documentation
- Vague extension period for Temporary Movement Incentives
- Delay in auctioning off unclaimed goods

Infrastructural Challenges

- External access roads are in sub-standard conditions
- Environmental Degradation
- Non-availability and high cost of power
- Capacity of seaports

Operational Challenges

- Inability of project sponsors to deliver on long-term commitment

Insecurity & Disputes

- Incessant disruptions by indigenes
- Insecurity and insurgency

Free Zones experience a variety of issues related to government agencies^{1/2}

Government Agencies Related Challenges ^{1/3}	Operational disruption by State Officials	Enterprises experience frequent business disruptions caused by state and local government officials who seek to collect Pay As You Earn (PAYE) and Business Premises taxes. This contradicts section 8 of NEPZA Act 1992, which exempts enterprises from all forms of taxes, levies and rates. The potential implication of this, is reduction in operational margin.
	Overlap in land allocation responsibilities	With respect to land allocation to investors, OGFZA is currently challenged by the Nigerian Ports Authority (NPA). Section (18f) of the Oil & Gas Free Zone Act, Cap 05 LFN 2004 clearly confers on OGFZA, the right and responsibilities to allocate lands to investors. The overlapping responsibility amounts to delay in the land allocation process and loss of investments.
	Limited scope of the current legal framework	The current scope of the legislative framework with respect to the powers of the Free Zone Authorities (OGFZA and NEPZA) is restrictive and does not sufficiently empower the Authorities. For example, the FIRS is legally empowered to collect taxes from profits of enterprises contradicting Section 8 of the NEPZA Act 1992. Additionally, the FIRS is also empowered to place a ban on the accounts of enterprises.
	Imposition of unanticipated taxes and charges	Globally FTZs are tax free zones in order to foster investments and improve domestication of production. The imposition of the 1% National Content Development (NCD) levy on FTZ transactions contradicts the Section 8 of the NEPZA Act 1992 which exempts enterprises within the FTZ from all domestic taxes and levies.
	Excessive Industry-Wide Standard Tariffs (ISWT)	Excessive Industry-Wide Standard Tariffs (ISWT) approved by the National Investments Management Services (NAPIMS) on oil & gas logistics operators, have negatively impacted the cost profile of operators within the FTZs. The significant cost implication on Oil & Gas service companies has sometimes culminated into halting of operations.

Free Zones experience a variety of issues related to government agencies^{2/2}

Government Agencies Related Challenges ^{2/3}	Lack of clarity regarding product specification standards	Enterprises are uncertain of the standards that they need to follow in terms of product specification. There are currently two standards, which are the Standard Organization of Nigeria Conformity Assessment Program (SONCAP) which applies to imported goods and the Mandatory Conformity Assessment Program (MANCAP) that applies for local goods. The final products of enterprises are significantly impacted by the standard in which they are required to follow.
	Ambiguous Expatriate Quota Approval process	The requirements for obtaining the Expatriate Quota Approval are not explicitly stated as enterprises cannot consciously evaluate if they meet the criteria. This currently impacts their operational processes as enterprises struggle to ascertain their eligibility for the quota. This approval allows enterprises to be able to employ expatriates on a long-term basis.
	Inaccuracy of the Pre-Arrival Assessment Report (PAAR)	The Pre-Arrival Assessment Report (PAAR) prepared by the Nigeria Customs Service does not accurately capture import duties on raw materials imported for production, in line with the concessions accorded to goods manufactured, produced and assembled in the FTZs. This ultimately leads to additional costs for zone enterprises.
	Time consuming process to obtain expatriate documentation	Enterprises have complained about the following processes being long and cumbersome; <ul style="list-style-type: none"> • Obtaining the Combined Expatriate Residence Permit and Aliens Card (CERPAC) Card • Processing time of the Subject To Regularization (STR) Visas at Nigerian Embassies • Processing time of Temporary Work Permits Enterprises' ability to process the aforementioned documents impacts their ability to recruit expatriates.
	Vague extension period guidelines for Temporary Movement Incentives	Currently, the actual duration of the Temporary Movement Incentive is valid for 30 calendar days. However, enterprises are not clear on the extension period of this permit. The lack of clarity on validity of the extension period negatively impacts the planning process of enterprises.

The Free Zones experience a number of infrastructural challenges..

3/3	Delay in auctioning off unclaimed containers	Due to the limited space at the port, offloaded containers which are not claimed within the stipulated timeframe have congested the port. It is vital that unclaimed containers are quickly auctioned off in order to create sufficient space to accommodate incoming containers. The consistent delay by the Nigeria Customs Service (NCS) to auction off unclaimed containers has impacted the operations of several enterprises and may be extremely damaging if this is not addressed.
Infrastructural Challenges	External access roads are in sub-standard conditions	<p>The external access roads are currently in a poor state for business operations. This leads to hiccups in the seamless transportation of raw materials to Oil & Gas players within the zone. The East-West Road in Onne is a notable example.</p> <ul style="list-style-type: none"> An enterprise in Calabar has the capacity to berth 10 vessels in a year. However, they currently berth and offload 8 vessels per year as a result of high turnaround time to offload a vessel due to the poor state of road network to facilitate movement of offloaded goods out of the seaports.
	Environmental Degradation	The environment surrounding the port in Calabar is rapidly deteriorating due to erosion, thereby, reducing the availability of land for development and operational purposes. Non-resolution of this impending issue will halt operations in the zone and ultimately lead to capital flight.
	Capacity of Seaports	The current capacity of Calabar seaport servicing the zone is restricted by the low draft of the port as such they cannot accommodate vessels up to 30,000 MT, which is an optimal size for importers.
	Poor availability and high cost of power	<p>The power supply facilities are in a dilapidated state thus leading to high production cost. Feedback from an occupant specified that power costs N 73 kilowatt-hour (kWh) within the zone while it typically costs about N 42 kWh outside the zone.</p> <ul style="list-style-type: none"> In Calabar, frequent power interruptions have been reported, as enterprises only have access to power for approximately 18 hours per day at best

Lastly, they also encounter numerous operational challenges, disputes with indigenous communities and security issues...

Operational Challenges

Inability of project sponsors to deliver on long-term commitment

Project sponsors tend to deviate from their initial commitment, thereby leaving many zones operationally inactive. In total, there are 26 inactive zones; 52% are publicly-owned, 20% are Private-Public-Partnerships while the remaining 28% are privately-owned. Change in administration is a major factor affecting publicly-owned inactive zones.

Insecurity & Disputes

Community Relations

Complaints documented from a number of licensees revealed frequent disputes with members of the local community. This leads to numerous disruptions in daily operations including cargo movement in and out of the zones.

Insecurity and insurgency

The high level of insecurity has significantly constrained the operations within the zones

- The incessant acts of piracy have forced early closure or shut-down of activities at the ports due to lack of defensive weapons/facilities to navigate operations during the dusk.
- Insurgency in the Northeast has led to drastic reduction in productivity in certain Free Zones. For example, production activities have been halted at Sebore Farms in Adamawa State.

The Authorities have encountered issues with their licensee selection criteria and coordination of government agencies within the Free Zones

Free Zone Authorities

Nigeria Export Processing Zones Authority

- **Criteria used by the Authority to select licensees is ineffective.** The sub-standard procedure has led to the emergence of a high number of inactive zones. Consequently, majority of the zones under its supervision (25/42) remain inactive.
- **Sub-optimal health, safety and environment (HSE) standards** were discovered upon visitation to several enterprises within the Calabar FTZ. Numerous field workers did not wear adequate protective gear as they worked in areas with perilous machinery.
- **Absence of an online platform** to aid in processing documents has negatively impacted customer satisfaction. Licensees have complained about the inconvenience of constantly being required to submit physical copies of any required document.
- Licensees have also complained about the **Authority's prolonged turnaround time** as they are often slow to respond to requests. This has had an impact on their operations, as they are not able to make quick decisions on issues that require the Authority's input.



Oil & Gas Free Zone Authority

Authority **is unable to effectively collaborate with the government agencies** operating within the zones under its supervision especially with the Nigerian Ports Authority (NPA). The lack of seamless coordination has implications on OGFZA's ability to deliver on its one-stop shop principle, which has also led to loss of investments.



The potential impact of AfCFTA on the Free Zones remains uncertain..

While the full potential impact of AfCFTA on the Free Zones cannot currently be determined, the outcome of negotiations fully dependent on signatories of the agreement. Certain points to note include:

Enterprises operating within the Free Zones benefit from a number of incentives, which gives them a competitive advantage over all other manufacturers

Outcome



The operation of free zones has become a focal discussion point with other member states. The full impact of AfCFTA can only be assessed after the Nigerian Office for Trade Negotiations (NOTN) has concluded the negotiation process with the other member states



Nigeria's Position in the negotiation



With 17 operational Free Zones in the country, Nigeria is in favour of Free Zone enterprises qualifying for AfCFTA.



Review of the framework for regulation, operation
and management of FTZ around the world

Framework for the regulation of FTZs around the world

According to a World Bank study of multiple SEZs around the world¹ **privately operated/managed zones have been more profitable and have had better economic impact than public zones** throughout the world (with East Asian government-run zones being the notable exception).

According to the stocktaking exercise conducted for this study, **62% of the FTZs in developing and transition countries** such as Thailand, Philippines, Columbia, Ghana, Panama, Gabon and Kenya, **are private sector developed or operated**. There are various options for private sector participation in zone development, management and operations. The different models used include the following;




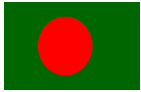
- 1 Public provision of off-site infrastructure and facilities (utility connections, roads) as an incentive for private funding of on-site infrastructure and facilities
- 2 Contracting private management for government-owned zones (management contracting), or lease of government zone assets by a private operator (beneficial ownership)
- 3 Aggregation of land parcels with secure title and development rights by the government for lease to private zone development groups, development of better land use/ownership laws and regulations and adoption of enforceable zoning and land use plans
- 4 Build-operate-transfer and build-own-operate approaches of on-site and off-site zone infra-structure and facilities, with government guaranteeing and/or providing financial support
- 5 Equity-shifting arrangements in which a private contract manager of a government zone can exercise a purchase option once pre-defined performance levels have been reached

Concluding Remark





While a wide range of institutional arrangements have been used in zones administration, experience suggests that **success is dependent on key factors such as autonomy of the body; adequate funding; powers over other government ministries; partnerships with private zone operators and enterprises; and maximizing the role of the private sector in service provision**. It is critical that zone authorities remain engaged in purely regulatory functions, and do not develop or operate zones.

Findings from the review reveal that majority of countries use omnibus regulators ^{1/2}

Eight (8) FTZ Regulators were reviewed including the USA, China, Brazil, Egypt, Philippines, Turkey, Bangladesh and the UAE to seek out good practices for the regulation of industry segmented FTZs and delineation of powers.

	 United States of America	 People's Republic of China	 Federative Republic of Brazil	 People's Republic of Bangladesh
Mandate and Functions	The Foreign Trade Zone (FTZ) Board is responsible for the establishment, maintenance, and administration of zones under the FTZ Act 1934.	The Shanghai Administration for Industry and Commerce (SAIC) is the administrative authority for enterprise registration in the FTZ.	Superintendência da Zona Franca de Manaus (SUFRAMA) is a Public Administration agency affiliated to the Ministry of Development, Industry and Foreign Trade (MDIC).	Bangladesh Economic Zones Authority (BEZA) is responsible for establishing economic zones in all potential areas in Bangladesh while Bangladesh Export Processing Zones Authority (BEPZA) is responsible for managing, inspecting & supervising enterprises within EPZs.
Coverage of FTZ and Scope of the Regulator	The FTZ Board regulates all FTZs including the Oil and Gas focused FTZs There are no designated oil and gas free zones however the largest industry operating in the FTZ is the petroleum refining industry.	The SAIC regulates all FTZs in China The Zhejiang FTZ is China's only commodity FTZ designated for the oil and gas value chain, housing more than 6,000 oil and gas companies	SUFRAMA manages all FTZs Activities in FTZs include industrial, commercial and agricultural There are no designated oil and gas free zones though some zones have petroleum activities	BEPZA and BEZA regulate and manage all FTZs and export processing zones

Findings from the review reveal that majority of countries use omnibus regulators ^{2/2}

	 Arab Republic of Egypt	 Republic of the Philippines	 United Arab Emirates	 Republic of Turkey
Mandate and Functions	Working under the Ministry of Investment & International Cooperation (MOIC), the General Authority for Investment & Free Zones (GAFI) was established in 1971 to be the principal authority concerned with regulating & facilitating investment in Egypt.	Industry is the Philippine government agency tasked to promote investments, extend assistance, register, grant incentives to and facilitate the business operations of investors in FTZs. It oversees and administers incentives to enterprises in all FTZs	These authorities are responsible for issuing FTZ operating licenses and assisting companies with establishing their business in the FTZ.	FTZs in Turkey are regulated by the Ministry of Economy. The Ministry of Economy has several regional directorates overseeing each of its FTZs The Directorates are responsible for providing licenses to companies and other administrative activities
Coverage of FTZ and Scope of the Regulator	GAFI is solely responsible for establishing, managing & developing Free Zones No designated oil and gas free zones. However, GAFI may set up private FTZs which may be limited to oil and gas	PEZA is responsible for regulating all FTZs, industrial estates, and export processing zones	Each Free Zone is designed around one or more industry categories and only offers licenses to companies within those categories Each zone has its own rules and is governed by its own Authority Fujairah Oil Industry Zone is the designated Oil and Gas Free Zone in UAE	Each directorate oversees FTZs in its region and only offers licenses to companies within that region

The key findings from this review show that FTZ regulation is adapted to the individual needs of each country. Also, the use of industry-segmented FTZ regulators is not wide-spread and it only exists in one of the countries reviewed, the United Arab Emirates.



Recommendations

Restructuring the roles of the supervising authorities and developing infrastructure are key to enhancing the performance of FTZs

In developing the recommendations, the following steps were taken;

Ascertained the National Aspirations

Reviewed the framework for regulation, operation and management of FTZ around the world

Engaged stakeholders to obtain current challenges especially in light of emerging scenarios e.g. AfCFTA

To ensure that the performance of FTZ licensees improve, four key recommendations are being proposed, which are as follows;



Restructure the roles of the Authorities



Establish the Free Zones Development Initiative



Improve the collaboration of government agencies within the zone



Deliver Quick Wins: Immediate measures to implement

Recommendations

- Restructure the roles of OGFZA & NEPZA

Considering the findings, 4 options were evaluated to help optimise the operations of FTZ enterprises^{1/4}

The outcome of the review of leading practices revealed that the role of regulator and operator should be separated, to enable FTZs function effectively. Consequently, the roles of the supervising Authorities should be restructured.

Key Responsibility of Players in Evaluated Options

Regulator	Responsible for supervising the activities of FTZ Licensees
Asset Holding Company	Function as FTZ developers and be responsible for promoting investments
Developer	Responsible for developing the FTZs and its inside the fence infrastructure

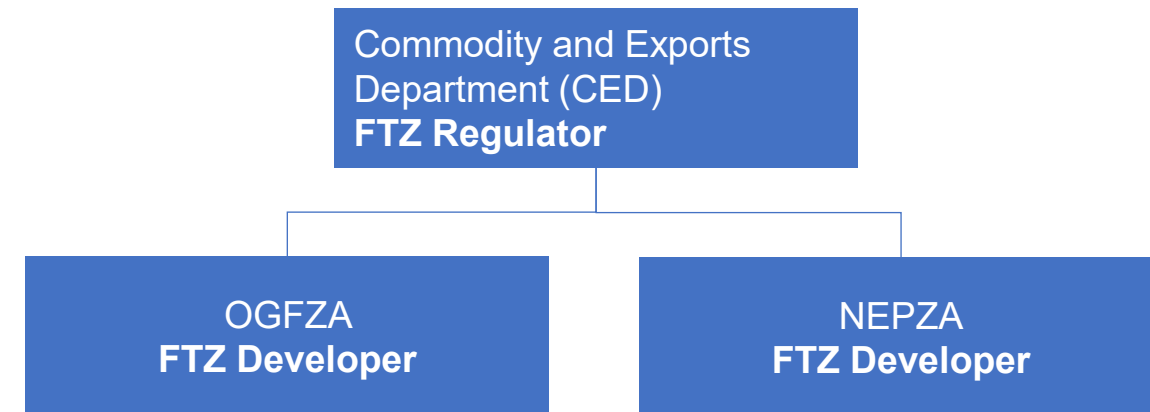
Option 1 – Restructure the Commodity and Exports Department (CED) as the sole FTZ Regulator then transform both NEPZA and OGFZA into FTZ Developers for their respective industries

Pros

- Proposed structure will benefit NEPZA which already owns assets and will allow it to function solely as developer of FTZs.
- CED will fulfill the function of omnibus regulators for the entire industry

Cons

- OGFZA does not own any assets, neither do they have any experience in owning assets, this will therefore be a disadvantage to the Authority and FTZ Licensees
- The CED currently lacks experience in regulating FTZ
- The CED should be focused on policy development and not implementation

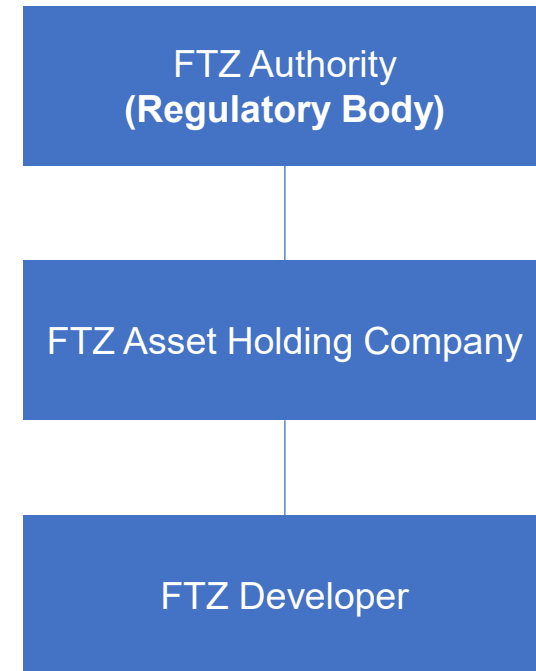


Considering the findings, 4 options were evaluated to help optimise the operations of FTZ enterprises^{2/4}

Option 2 – Transform OGFZA into sole FTZ Authority, while NEPZA becomes FTZ Asset Holding Company and Developer

Pros

- This proposed structure is in line with World Bank and other DFI recommendations and will boost investor confidence with clear roles and responsibilities being assigned to the Authorities
- It will benefit NEPZA who already own assets and will allow them to function solely as developers of FTZs.
- The structure will also benefit OGFZA who have shown adequate capacity to effectively regulate licensees under their supervision.



Considering the findings, 4 options were evaluated to help optimise the operations of FTZ enterprises^{3/4}

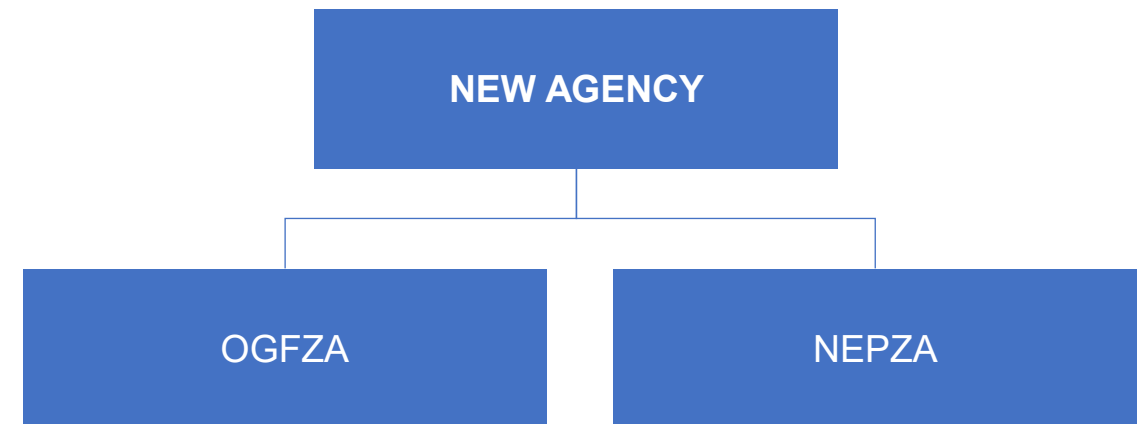
Option 3 – Keep the current role of the Authorities and develop a new agency to provide regulatory oversight over their activities

Pros

- Supervision by new agency may help in guiding the activities of the Authorities.
- Role is already played by FMITI

Cons

- Keeping the status quo will not help address the inefficiencies that hinder the performance of Free Zone Licensees



Considering the findings, 4 options were evaluated to help optimise the operations of FTZ enterprises^{4/4}

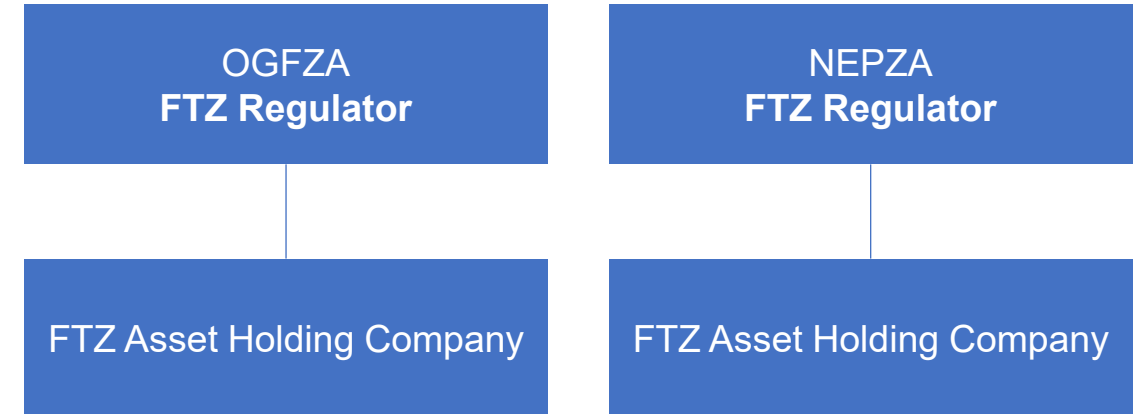
Option 4 – Restructure both Authorities to have separate regulatory and asset holding divisions

Pros

- Proposed structure will enable Authorities to separate regulatory and asset holding functions

Cons

- OGFZA does not own any assets, neither do they have any experience in owning assets, this will therefore be a disadvantage to the Authority and FTZ Licensees
- Regulatory and Asset Holding divisions functioning under the current Authorities will not inspire investor confidence and willingness to participate
- Proposed structure has high cost-implications, which would also lead to additional bureaucracy



Considering the pros and cons of the aforementioned options, **Option 2** seems to be the most viable and is the recommended choice of the committee.^{1/2}

Considering Nigeria's past performance in the development of FTZs and the challenges of transfer of land ownership and limitations of technical know-how and financing capacity which government owned FTZs have faced, the recommended framework for the regulation and operation of FTZs is one which separates the roles of regulator and operator. Under this framework, the key actors and their key roles shall be as follows;

The Free Trade Zone Authority shall operate as the regulator and supervise the activities of licensees within the zone.

Asset Holding Company (AssetCo) shall operate as FTZ developers and be responsible for promoting investments. They will represent the interest of the Federal Government of Nigeria ("FGN") as the owners of the FTZ's assets.

Property Holding Co (PropCo) shall operate as an entity that holds joint assets of the Federal Government with a third party.

Considering the pros and cons of the aforementioned options, **Option 2** seems to be the most viable and is the recommended choice of the committee. ^{2/2}

Under this framework, the key actors and their responsibilities shall be as follows;

The Free Trade Zone Authority

- Supervise and co-ordinate the functions of various public and private sector organisations operating within the zone and resolve disputes
- Grant of all requisite permits and licenses to approved enterprises for operating in the zone.
- Recommend incentive measures for the zones
- Establish customs, police immigration and similar posts in the Export Free Zone
- Amend the limits of a Zone or changing the name of a zone

Asset Holding Company (AssetCo)

- Develop investment promotion strategies in the zones,
- Fund pre-development costs such as master planning, feasibility studies, transaction advisory, etc.
- Develop the outside-the-fence infrastructure (roads, water, power, etc.)
- Select and/or appoint the Zone Operator

Going forward NEPZA should function as an operator while OGFZA as regulator in the Free Zones

Assigning roles to the existing regulators based on their areas of strength, has become necessary due to the following;

- (1) Ensuring clarity in the responsibility for oversight and management of Free Trade Zones;
- (2) Preventing conflict and disruption of business operations, which may arise from ambiguity in their responsibilities

*Both organisations would need to be renamed to reflect the change in their mandates

NEPZA

NEPZA should be **transformed into the Asset Co** responsible for representing the FG's interests in the FTZs and acting as owners of the FG's Free Zone assets. NEPZA currently owns assets and has experience in developing enterprises within FTZs, thereby, more suited to executing this function.

OGFZA

OGFZA should become the **only FTZ authority** responsible for regulating and licensing all FTZs. This is mainly due to their experience in effectively regulating and supervising the licensees under their supervision. In addition, they have been ranked by PEDEC as the most government agency with the **highest level of efficiency and compliance** which further enhances their credibility to function as regulators.

Next Steps for the Authorities

- All Free Zones being regulated, by NEPZA should be transferred to OGFZA.
- The Kano and Calabar FTZs which are the only two FTZs developed and owned by the FG are undergoing a concession process being carried out by the National Council on Privatisation. These FTZs will be concessioned to an OpCo at the end of the process and the FG's interests will be held by the AssetCo.

The transitional arrangements should be implemented as follows...

S/N	Action Required	Description of Action Required	Responsibility
1	Migrate Nigeria's framework for the regulation and operation of FTZs to one which separates the roles of regulator and operator	<ul style="list-style-type: none"> • Amendment of the OGFZA and NEPZA Acts to reflect the actors, required changes to their names and their roles and responsibilities • Change of name of both entities to reflect their new responsibilities 	<ul style="list-style-type: none"> • FMITI
2	Transfer of Free Zones being regulated, by NEPZA to OGFZA	<ul style="list-style-type: none"> • Investor Engagement to communicate the change and the implications for their business • Transfer of key staff responsible for the operation/management of the Zones to be transferred • Build requisite capabilities in each organisation • Evaluation and review of existing contractual obligations between NEPZA and the oil and gas zones under its purview to determine the necessary transition arrangements 	<ul style="list-style-type: none"> • FMITI • NEPZA • OGFZA
3	Reform Delivery	<ul style="list-style-type: none"> • Establish a Project Steering Committee and Delivery Team to implement the approved recommendations and manage the change in FMITI, OGFZA and NEPZA 	<ul style="list-style-type: none"> • HMITI

Recommendations

- Establish the Free Trade Zones (FTZs) Development Initiative

Specific items need to be promptly addressed which require a whole-of-government approach and significant investment ...

1

External access roads

The external access roads need to be urgently repaired to help improve the performance of businesses in the zone. Building and/or rehabilitating the roads will;

- Facilitate easy and timely movement of goods
- Drive the volume of goods that come through the zones

2

Affordable and consistent supply of power

Enterprises require constant electricity at an affordable rate to remain competitive in the market. They currently pay more than N30 per kilowatt-per hour more than competitors outside the zone. Resolving this issue will enable them to remain competitive.

3

Address ongoing environmental degradation

Build embankments and terraces to help address the issue of erosion in the Calabar port. Resolving this issue will;

- Protect assets of current occupants
- Restore investor confidence

4

Dredging Calabar seaport

Dredging the Calabar seaport is necessary for vessels above 30,000 MT to make deliveries into the ports. The current shallow depth is restrictive and has led to a major decline in activities. Addressing this issue will enable the seaport to accommodate larger sized vessels and increase the volume of goods coming through the port

5

Increase security protocols

Increased security measures need be implemented in strategic locations that can help protect lives and property of Free Zone operators and prevent disruptions to business operations.

Unprecedented quantum of capital is required to realise the Federal Government's ambition of establishing world-class economic zones. We estimate the funding required (~ US\$2bn)

Recommendations

- Optimise Efficiency of the Government Agencies operating in the one-stop shop FTZ

Collaboration between government agencies needs to be improved and adequately defined...

The supervising Authority in its redefined role needs to be adequately empowered to carry out its duties and responsibilities towards the zone licensees. Consequently, they need to be empowered with sufficient oversight over other government agencies that operate within the zone to ensure that operators do not encounter frequent disruption.

Nigeria Immigration Service

An express process should be developed in collaboration with the Immigration Service to enable expatriates to obtain their Combined Expatriate Residence Permit and Aliens Card (CERPAC) & Subject To Regularization (STR) Visas rapidly. In addition, a quick renewal programme should be implemented to ease the ability of expatriates to renew the aforementioned documents.

Standards Organisation of Nigeria

The Authority will need to collaborate with SON to specify and make it clear which standards enterprises need to follow for their products.

Nigeria Ports Authority

The ability of the NPA to allocate land at its discretion needs to be halted. All land allocation powers needs to be transferred to the Authority to enable a one-stop-shop platform for enterprises.

Nigeria Customs Service

Collaboration needs to be improved to ensure the Pre-Arrival Assessment Report (PAAR) accurately captures import duties for raw materials. Also, an auction procedure needs to be developed to enable timely disposal of offloaded containers. This will aid to decongest the port and allow smooth operations.

The following measures are recommended to help improve FTZs performance in the short term^{1/2}...

1

Federal Executive Council (FEC) Memo

A FEC memo should be developed to address the following

- Establishment of the Free Trade Zone Development Initiative
- Sponsorship of an executive bill to reflect recommendations
- Detail and seek approval of the changes to the roles of the Authorities (OGFZA and NEPZA)

2

Revoke Licenses of Inactive Zones

In accordance with NEPZA 2004 operational guidelines, operations should commence in a zone within 18 months of obtaining a license. All inactive zones that have exceeded this timeline should have their licenses revoked in instances where their operations have been permanently terminated or yet to commence

3

Revamp Internal Operations and Licensing

The criteria for selecting licensees has been poor based on the evidence of a high number of moribund zones. This process needs to be updated to ensure that future licensees have sufficient capacity to develop fully operational zones.

Furthermore, the internal operations of the Authorities need to be overhauled. Adequate training programmes need to be instituted empowering the right personnel with the necessary skills and competencies to deliver on their mandate.

4

Withdrawal of Current Draft Legislation

Any draft legislation/member's bill that is being developed or has been submitted to the National Assembly regarding NEPZA or OGFZA should be withdrawn. This is to ensure the Bill reflects the outcome of this review.

The following measures are recommended to help improve FTZs performance in the short term^{2/2}...

5**Review of Industry-Wide Standard Tariffs (ISWT)**

Tariff rates specified in the ISWT are considered counter productive to the operations of oil & gas service companies within the zones. It is imminent that the rates are revised and more cost-reflective rates are implemented to help attract the right investors.

6**Establish Community Relations Unit**

Supervising Authority needs to establish a unit that is dedicated to engaging members of the local community and settling disputes on behalf of enterprises. This will help reduce the impact of community disputes on the operations of enterprises.

7**Clarify Expatriate Quota Approval**

The criteria for the Expatriate Quota Approval needs to be clarified and leave no room for ambiguity. This will enable enterprises to have knowledge of their eligibility and plan accordingly.

8**Specify extension period for the Temporary Movement Incentives**

The duration of the extension period for the Temporary Movement Incentives needs to be explicitly stated. The clarity in knowing the length of this period will allow enterprises to plan accordingly.

9**Develop Industrial Parks and Clusters**

There is a need to enable the proactive development of industrial parks and clusters to support the growth of medium and small businesses and to create new locations for industry.

NEPZA: A total of 13 Moribund Zones have been selected to have their licenses revoked due to the longevity of their license and the unlikelihood of operations commencing

	Name	Date of Declaration	State	Ownership Structure	Sponsor	Hectares	Activities
1	Banki Border Free Zone		Borno	Public	Borno State Govt.	500	Manufacturing, Warehousing, Trading
2	Brass LNG Free Zone	2007	Bayelsa	PPP	FGN /Private	304.245	Liquified Natural Gas
3	Ibom Industrial Free Zone	2012	Akwa Ibom	Public	Akwa Ibom State Govt.	122.137	Manufacturing, Oil & Gas, Trading Services
4	Ibom Science & Tech. FZ	2006	Akwa Ibom	Public	Akwa Ibom State Govt.	122.137	Science & Technology
5	Imo Guangdong FTZ	2007	Imo	PPP	Imo State Govt/Guandong Province China	1399.27	Manufacturing
6	Koko Free Trade Zone	2009	Delta	Public	Delta State Govt.	2327.29	Manufacturing
7	Kwara Free Zone	2009	Kwara	Public	Kwara State Govt.	355.587	Trading, Warehousing
8	Maigatari Border Free Zone	2000	Jigawa	Public	Jigawa State Govt.	214	Manufacturing, Warehousing
9	Maritime Economic City, Lagos State	2015	Lagos State	PPP	Lagos State Govt / Intels	N/A	N/A
10	Olokola Free Trade Zone	2004	Ondo & Ogun	Public	Ondo & Ogun State Govts	10500	Oil & Gas Manufacturing
11	Oluyole Free Zone	2000	Oyo	Public	Oyo State Govt.	1374.5	Manufacturing
12	Specialized Railway Industrial FTZ	2007	Ogun	Public	Ogun State Govt.	N/A	Rail Cargo Transport
13	Tinapa Free Zone & Resort	2005	Cross River	Public	Cross River Govt.	265	Manufacturing, Trade, Tourism & Resort



Appendix

Panel on Evaluation of Performance of Free Trade Zone (FTZs) Licensees^{1/3}

1. Background

The Federal Ministry of Industry, Trade & Investment, ('FMITI') has commenced the delivery of world-class FTZs across the country as part of its Presidential Priority Projects.

The use of FTZs in accelerating industrialisation has been successful in other parts of the world. However, Nigeria is yet to take advantage of the dynamic potential of FTZs as an instrument of economic growth and diversification as poor implementation continues to hold back success, with only 12 of the 33 licensed FTZs currently operational. Prima facie, some of the key challenges include the following;

- High cost of tenancy in the zones resulting from inadequate funding of the Government's obligations to the zone e.g. outside-the-fence infrastructure – including transportation infrastructure connecting the zones to economic centres
- Poor zone operation and management due to the weak implementation capacity of the FTZ Authorities
- Outdated institutional framework (legal, regulatory etc.) which discourages:
 - the mobilisation of private capital and expertise
 - shared ownership with State Governments to promote joint interest in the success of the FTZs and minimize disruptions due to community restiveness
- Poor business environment resulting from frequent change in policies, harassment and disruption to businesses by the regulators stationed at the Zones (Customs, Immigration, SON, etc) due to the poor implementation of the one-stop shop concept.
- Lack of financial and managerial capacity of FTZ operators as well as possible breach of contractual obligations.

Panel on Evaluation of Performance of Free Trade Zone (FTZs) Licensees^{2/3}

2. Overall Terms of Reference

The key objective is to provide a set of recommendations to inform Government strategy on FTZs, based on thorough evaluation of the current operations of FTZs. The draft overall terms of reference are as follows;

1. Review of Basis for FTZ Licensing
 - a. Identify the primary objectives of each of the FTZ licensees ('licensees').
 - b. Establish all incentive commitments by government – including fiscal incentives, infrastructure provision, regulatory waivers etc. available to each licensee.
 - c. Establish contributions to the economy to which licensees committed –including job creation, capital investments etc.
2. Evaluate performance of Licensees
 - a. Assess the actual contributions of licensees. Licensees should be based on the following metrics;
 - Number of employment opportunities created
 - Foreign Direct Investment (FDI) and local investment attracted
 - Level of utilisation (Occupancy Rate)
 - Number of individuals trained (Knowledge Transfer)
 - Goods and services being exported
 - Level of infrastructure development
 - Range of economic activity generated
 - b. Determine the actual costs that have been incurred by the government in enabling licensees (including revenue forgone)
1. Reconcile the variance between projected and actual figure
2. Obtain a detailed understanding of the fundamental issues that are causing the discrepancies.
3. Propose recommendations to address the discrepancies and improve the performance of licensees

Panel on Evaluation of Performance of Free Trade Zone (FTZs) Licensees^{3/3}

3. Timeline(s)

The panel has 8 weeks from empanelment to deliver on its objectives.

4. Required Resources

The following resources will be required for the panel to conduct its evaluation;

- Original Application Documents
- Returns Submitted and Other Documents
- Key Industry Experts

5. Committee Members

The composition of the committee will be as follows

S/N	NAME	DESIGNATION
1	Honourable Minister, Federal Ministry of Industry Trade and Investment (FMITI)	Chairman
2	Honourable Minister of State, Federal Ministry of Industry Trade and Investment (FMITI)	Member
3	Permanent Secretary, Federal Ministry of Industry Trade and Investment (FMITI)	Member
4	Director – Industrial Development Department (IDD)	Member
5	Director – Commodity and Exports Department (CED)	Committee Secretary
6	Managing Director, Nigeria Export Processing Zones Authority (NEPZA)	Member
7	Executive Director, Nigerian Export Promotion Council (NEPC)	Member
8	Managing Director, Oil and Gas Free Zones Authority (OGFZA)	Member
9	Technical Adviser to the Honourable Minister, Federal Ministry of Industry Trade and Investment (FMITI)	Member
10	Head, Public–Private Partnership Unit	Member

NEPZA - Breakdown on Inactive Zones^{1/4}

	Name	Date of Declaration	State	Ownership Structure	Sponsor	Status	Reason
1	Abuja Tech. Village Free Zone	2007	FCT	Public	FCT	Under Construction	
2	Badagry Creek Integrated Park	2014	Lagos	Private	Kaztec Engineering	Under Construction	Information is pending
3	Banki Border Free Zone		Borno	Public	Borno State Govt.	Inactive	
4	Brass LNG Free Zone	2007	Bayelsa	PPP	FGN /Private	Inactive	
5	Centenary City	2014	FCT	Private	Centenary City Plc	Under Construction	
6	Enpower Enugu Industrial Park	2015	Enugu	PPP	Enugu State Govt/ Enpower Nig.LTD	Under Construction	
7	Enyimba Economic City	2018	Abia	PPP	Crown Realities PLC & Abia State Govt.	Under Construction	

NEPZA - Breakdown on Inactive Zones^{2/4}

	Name	Date of Declaration	State	Ownership Structure	Sponsor	Status	Reason
8	Ibom Industrial Free Zone	2012	Akwa Ibom	Public	Akwa Ibom State Govt.	Inactive	
9	Ibom Science & Tech. FZ	2006	Akwa Ibom	Public	Akwa Ibom State Govt.	Inactive	Information is pending
10	Imo Guangdong FTZ	2007	Imo	PPP	Imo State Govt/ Guandong Province China	Inactive	
11	Koko Free Trade Zone	2009	Delta	Public	Delta State Govt.	Inactive	
12	Kwara Free Zone	2009	Kwara	Public	Kwara State Govt.	Inactive	
13	Maigatari Border Free Zone	2000	Jigawa	Public	Jigawa State Government	Inactive	
14	Maritime Economic City, Lagos State	2015	Lagos	PPP	Lagos State Govt / Intels	Inactive	

NEPZA - Breakdown on Inactive Zones^{3/4}

	Name	Date of Declaration	State	Ownership Structure	Sponsor	Status	Reason
15	NASCO Town Free Zone	2017	Lagos	Private	Nasco Town Free Zone Ent	Under Construction	
16	Nigeria International Commerce city(Eko Atlantic)	2014	Lagos	Private	Eko Atlantic FZ Ltd	Under Construction	Information is pending
17	Ogindigbe Gas Revolution Industrial Park (GRIP)	2014	Delta	Public	Delta State Govt & Fed.Ministry of Petroleum	Under Construction	
18	Ogogoro Industrial Park	2014	Lagos	Private	Digisteel	Under Construction	
19	Oils Integrated Logistics Services Free Zone	2004	Lagos	Private	Private Oil Field Industry Support Service Ltd	Operational License Suspended	
20	Olokola Free Trade Zone	2004	Ondo & Ogun	Public	Ondo & Ogun State Govts	Inactive	
21	Oluyole Free Zone	2000	Oyo	Public	Oyo State Govt.	Inactive	

NEPZA - Breakdown on Inactive Zones^{4/4}

	Name	Date of Declaration	State	Ownership Structure	Sponsor	Status	Reason
22	Omoluabi Free Zone	2006	Osun	Public	Osun State Govt.	Under Construction	
23	Ondo Industrial City	2015	Ondo	Public	Ondo State Govt	Under Construction	Information is pending
24	Specialized Railway Industrial FTZ	2007	Ogun	Public	Ogun State Govt.	Inactive	
25	Tinapa Free Zone & Resort	2005	Cross River	Public	Cross Rivers State Govt	Inactive	
26	Tomaro Industrial Park	2017	Lagos	Private	Private (Intergrated Oil & Gas)	Under Construction	
27	Bundu Free Zone, Rivers State	2020	Rivers	Private	BUA Group	Recently Declared as a Free Zone	
28	Celplas Industries Free Zone, Ogun State	2020	Ogun	Private	Ceplas Industries Nig.LTD	Recently Declared as a Free Zone	

Only one incident of an inactive zone with the other under construction under OGFZA's purview...

OGFZA

	Name	Date of Declaration	State	Ownership Structure	Developer	Status	Reason
1	BRASS OIL AND GAS FREE ZONE	2015	Bayelsa	Private	PPP	Inactive	Awaiting approval of key documents prior to commencing operations
2	LIBERTY OIL AND GAS FREE ZONE	2020	Akwa Ibom	Private	QIEH SPFL	Under Construction	Approved in October 2020

The Liberty Oil & Gas Zone is an active Greenfield Project in development, it was only approved recently and as such is in development..

Brass Oil and Gas Free Zone is currently awaiting key agreements from NNPC and a financial investment decision document...

1. ONNE/IKPOKIRI, RIVERS STATE

OGFZA

LICENSE APPLICATION
LICENSE DATE
SIZE (SQM)
OWNERSHIP

- 1996
- 29/03/1996
- 7,384,402 sqm
- PUBLIC/PRIVATE

Metric`	Targets	Actual	Achieved
Direct Jobs Created	60,000	40,000	67%
Indirect Jobs	360,000	300,000	83%
Foreign Investments USD (bn)	11	16	145%
Local Investments ₦ (bn)	250	255	102%
Occupancy Rate Sqm (m)	13	7	54%
Individuals Trained ('000)	50	35	70%
Exports USD (m)	500	36	7%***
Local Market Revenue ₦ (bn)	5	1.9	38%***
Imports USD (bn)	5	2.1	42%
Duties Paid ₦ (bn)	100	187	187%
VAT ₦ (bn)	10	9	90%
WHT ₦ (bn)	10	9.6	96%

Number of Enterprises: 158

Primary Activity: OIL AND GAS
UPSTREAM/DOWNSTREAM SUPPORT ACTIVITIES

Key Challenges

- Land Allocation – Issues with NPA allocating land at their discretion and not in line with OGFZA.
- External Access Road – The Eleme Junction-Trailer Park Section of the East-West Road is in sub-optimal condition and its repair is key to the survival of crucial industries.
- Security – Challenges of piracy and youth restiveness continue to impede activities within the zone.
- ISWT Rates – High tariffs approved by NAPIMS has led to the withdrawal of numerous licensees

***Incomplete data

■ Attained >80% of target

■ Achieved <50% of target

2. EKO SUPPORT OIL & GAS FREE ZONE, LAGOS STATE

OGFZA

LICENSE APPLICATION	-	2015
LICENSE DATE	-	2015
SIZE (SQM)	-	72,500 sqm
OWNERSHIP	-	PUBLIC/PRIVATE

Metric`	Targets	Actual	Achieved
Direct Jobs Created	500	330	66%
Indirect Jobs	2,000	1,400	70%
Foreign Investments USD (bn)	1	1.1	110%
Local Investments ₦ (bn)	0.5	0.77	154%
Occupancy Rate Sqm (m)	72	56	78%
Individuals Trained ('000)	0.5	0.33	66%
Exports USD (m)	5	4.7	94%
Local Market Revenue ₦ (bn)	0.05	0.044	88%
Imports USD (bn)	0.1	0.099	99%
Duties Paid ₦ (bn)	1	0.6	60%
VAT ₦ (bn)	0.01	0.011	110%
WHT ₦ (bn)	0.01	0.013	130%

Number of Enterprises: 1

Primary Activity: OIL AND GAS LOGISTICS SUPPORT ACTIVITIES

Key Challenges

- Limited Space – The Developers are currently operating with limited space and have submitted applications to receive extended land.

3. WARRI, DELTA STATE

OGFZA

LICENSE APPLICATION
LICENSE DATE
SIZE (SQM)
OWNERSHIP

2015
2015
1,500,000 sqm
PUBLIC/PRIVATE

Metric`	Targets	Actual	Achieved
Direct Jobs Created	10,500	8,500	81%
Indirect Jobs	63,000	42,500	67%
Foreign Investments USD (bn)	0.5	3.6	720%
Local Investments ₦ (bn)	250	255	102%
Occupancy Rate Sqm (m)	1.5	0.09	6%
Individuals Trained ('000)	5	3.5	70%
Exports USD (m)	10	4.2	42%
Local Market Revenue ₦ (bn)	0.1	0.051	51%
Imports USD (bn)	0.5	0.14	28%
Duties Paid ₦ (bn)	10	4.3	43%
VAT ₦ (bn)	1	0.56	56%
WHT ₦ (bn)	1	0.87	87%

Number of Enterprises: 4

Primary Activity: OIL AND GAS
UPSTREAM/DOWNSTREAM SUPPORT ACTIVITIES

Key Challenges

- Non-dredging of the Warri Port led to a significant decline in activities in the Zone
- Land Allocation – Issues with NPA allocating land at their discretion and not in line with OGFZA.
- ISWT Rates – High tariffs approved by NAPIMS has led to the withdrawal of numerous licensees

1. KANO, KANO STATE

NEPZA

LICENSE APPLICATION
LICENSE DATE
SIZE (SQM)
OWNERSHIP

- 1998
- 1998
- 4,630,000 sqm
- PUBLIC

Metric`	Targets	Actual	Achieved
Direct Jobs Created	10,000	2,700	27%
Foreign Investments USD (m)	1,000	0.5	0%
Local Investments ₦ (bn)	15	4.5	30%
Occupancy Rate (Enterprises)	80	40	50%
Individuals Trained	2,500	65	3%
Exports USD (m)	0.5	0.048	10%
Local Market Revenue ₦ (bn)	1.2	3.1	258%
Imports USD (m)	7,500	840	11%
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: N/A

Primary Activity: MANUFACTURING, LOGISTIC
SERVICES, WAREHOUSING

Key Challenges

Data has not been provided.

2. SEBORE FARMS, ADAMAWA STATE

NEPZA

LICENSE APPLICATION
LICENSE DATE
SIZE (SQM)
OWNERSHIP

- 2001
- 2001
- 20,000,000 sqm
- PRIVATE

Metric`	Targets	Actual	(%) Achieved
Direct Jobs Created	3,000	1,350	45%
Foreign Investments USD (m)	10	-	-
Local Investments ₦ (bn)	10.2	6	59%
Occupancy Rate (Enterprises)	60	48	80%
Individuals Trained	10,500	7875	75%
Exports USD (m)	350	-	-
Local Market Revenue ₦ (bn)	400	183	46%
Imports USD (m)	700	4.1	19%
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: N/A

Primary Activity: MANUFACTURING OIL & GAS,
PETROCHEMICAL

Key Challenges

- Insurgency in the North-East region has severely disrupted activities within the zone. Both in terms of production capacity and investment.
- Unstable power supply and high costs of inputs

3. NEWREST ASL SERVICES & LOGISTICS, LAGOS STATE

NEPZA

LICENSE APPLICATION - 2001
 LICENSE DATE - 2001
 SIZE (SQM) - 20,000,000 sqm
 OWNERSHIP - PRIVATE

Metric`	Targets	Actual	(%) Achieved
Direct Jobs Created	600	485	81%
Foreign Investments USD (m)	-	0.5	-
Local Investments ₦ (bn)	-	0.125	-
Occupancy Rate (Enterprises)	585	201	34%
Individuals Trained	300	185	62%
Exports USD (m)	32	29.4	92%
Local Market Revenue ₦ (bn)	5	2.1	42%
Imports USD (m)	-	11.9	-
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: N/A

Primary Activity: MANUFACTURING OIL & GAS, PETROCHEMICAL

Key Challenges

- Insurgency in the North-East region has severely disrupted activities within the zone.
- Many officers of the Nigeria Customs Service posted to the zones do not understand how the zones operate
- Challenges with immigration are mainly relate to delay in processing CERPAC cards for expatriates
- Inability of the Government to enforce foreign airlines to take catering services from Nigeria.

4. NAHCO, LAGOS STATE

NEPZA

LICENSE APPLICATION
LICENSE DATE
SIZE (SQM)
OWNERSHIP

- 2014
- 2014
- 100,000 sqm
- PRIVATE

Metric`	Targets	Actual	Achieved
Direct Jobs Created	250	109	44%
Foreign Investments USD (m)	28	12	43%
Local Investments ₦ (bn)	5.5	2.2	40%
Occupancy Rate (Enterprises)	60	35	58%
Individuals Trained	150	109	73%
Exports USD (m)	50	30.5	61%
Local Market Revenue ₦ (m)	50	12	24%
Imports USD (m)	60	30	50%
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: N/A

Primary Activity: CARGO HUB, TRANS SHIPMENT AND WAREHOUSING

Key Challenges

- Development of grandiose projections prior to commencement of project.
- Long gestation period of onboarding clients.
- Slow growth pace due to subsequent changes in business structure and strategy
- Several challenges with regulatory bodies, including
 - Nigeria Customs – Lack of understanding of Free Zone processes
 - Nigeria Immigration – Delays in producing CERPAC Card
 - NEPZA - Slow response time and revenue split on tariff zone

5. QUILTS AVIATION SERVICES, LAGOS STATE

NEPZA

LICENSE APPLICATION - 2017
 LICENSE DATE - 2017
 SIZE (SQM) - 250,000 sqm
 OWNERSHIP - PRIVATE

Metric`	Targets	Actual	(%) Achieved
Direct Jobs Created	1,000	350	35%
Foreign Investments USD (m)	10	10	100%
Local Investments ₦ (bn)	2	2	100%
Occupancy Rate (Enterprises)	50	40	80%
Individuals Trained	1,000	350	35%
Exports USD (m)	1	-	-
Local Market Revenue ₦ (m)	10	5	50%
Imports USD (m)	3	1	33%
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: N/A
Primary Activity: AVIATION SERVICES, MAINTENANCE
 AND TRAINING HUB

Key Challenges

Zone is predominantly undergoing development

6. SNAKE ISLAND, LAGOS STATE

NEPZA

LICENSE APPLICATION
LICENSE DATE
SIZE (SQM)
OWNERSHIP

- 2005
- 2005
- 5,94,160,000 sqm
- PRIVATE

Metric`	Targets	Actual	(%) Achieved
Direct Jobs Created	34,166	14,028	41%
Foreign Investments USD (m)	400	240	60%
Local Investments ₦ (bn)**	-	-	-
Occupancy Rate (Enterprises)	200	100	50%
Individuals Trained	-	8,000	-
Exports USD (m)	500	320	64%
Local Market Revenue ₦ (bn)	8	6	75%
Imports USD (bn)	4	2.3	58%
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: 11

Primary Activity: STEEL FABRICATION, OIL & GAS, SEA PORT

Key Challenges

- Licensees within the zone continue to interact with FIRS, which should not occur. Their only interactions should be with NEPZA.
- Licensee has cited the challenging nature of the business environment as a major factor for the existence of the variances.

**Local Investments have been factored into the FDI Value

■ Attained >80% of target

■ Achieved <50% of target

7. OGUN GUANGDONG, OGUN STATE

NEPZA

LICENSE APPLICATION
LICENSE DATE
SIZE (SQM)
OWNERSHIP

- 2008
- 2008
- 100,000,000 sqm
- PUBLIC/PRIVATE

Metric`	Targets	Actual	(%) Achieved
Direct Jobs Created	6,000	5,000	83%
Foreign Investments USD (m)	25	3.2	13%
Local Investments ₦ (bn)	-	-	-
Occupancy Rate (Enterprises)	90	86	96%
Individuals Trained	3,000	1,000	33%
Exports USD (m)	10	1.13	11%
Local Market Revenue ₦ (bn)	600	766	128%
Imports USD (m)	400	427	107%
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: 65
Primary Activity: XX

Key Challenges

- Zone is located away from an urban centre and attracting talent is more challenging as a result.
- Geological condition of the land is more complicated than initially assumed.
- Locating suitable and sufficient local material can be challenging

8. LEKKI, LAGOS STATE

NEPZA

LICENSE APPLICATION
 LICENSE DATE
 SIZE (SQM)
 OWNERSHIP

- 2008
- 2008
- 30,000,000 sqm
- PUBLIC

Metric`	Targets	Actual	Achieved
Direct Jobs Created	10,000	1,980	20%
Foreign Investments USD (bn)	1	0.45	45%
Local Investments ₦ (bn)	10	7.7	77%
Occupancy Rate (Enterprises)	50	18	36%
Individuals Trained	5,000	198	4%
Exports USD (m)	0.3	0.1	33%
Local Market Revenue ₦ (m)	750	304	41%
Imports USD (m)	500	290	58%
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: 52
 Primary Activity: MANUFACTURING, LOGISTICS

Key Challenges

- Poor transportation system has affected enterprises within the zone
- Inefficient judicial system and unreliable settlement mechanism has impeded activities
- High taxes has contributed to a challenging business environment
- Response time for application forwarded to NEPZA in Abuja
- High cost of procuring the CERPAC form and long time of processing the green cards
- Tax exemption knowledge of a free zone operations and duplication of tax number for FZE

9. LAGOS FREE ZONE, LAGOS STATE

NEPZA

LICENSE APPLICATION
LICENSE DATE
SIZE (SQM)
OWNERSHIP

- 2002
- 2002
- 2,180,000 sqm
- PRIVATE

Metric`	Targets	Actual	Achieved
Direct Jobs Created	2,000	1079	54%
Foreign Investments USD (m)	629	492	78%
Local Investments ₦ (bn)	200	167	84%
Occupancy Rate (Enterprises)	80	20	25%
Individuals Trained	2000	1079	54%
Exports USD (m)	45	32	71%
Local Market Revenue ₦ (bn)	1	1.4	140%
Imports USD (bn)	75	0.63	1%
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: 18

Primary Activity: MANUFACTURING OIL & GAS, PETROCHEMICAL

Key Challenges

- Delays in completion of the Lekki Port has impeded activity in the zone
- Absence of online platforms by the Authority
- Activities by government agencies are not streamlined and there is a significant lack of collaboration between them
- FIRS request for WHT to be paid, which is in contrast to the NEPZA Act
- Processing permits from NAFDAC are slow

10. ALARO CITY DEVELOPMENT, LAGOS STATE

NEPZA

LICENSE APPLICATION - 2018
 LICENSE DATE - 2018
 SIZE (SQM) - 10,000,000 sqm
 OWNERSHIP - PRIVATE

Metric`	Targets**	Actual	(%) Achieved
Direct Jobs Created	136	136	-
Foreign Investments USD (bn)	9.8	9.8	-
Local Investments ₦ (bn)	611	611	-
Occupancy Rate (Enterprises)	35	35	-
Individuals Trained	80	80	-
Exports USD (m)	-	-	-
Local Market Revenue ₦ (bn)	-	-	-
Imports USD (m)	11.7	11.7	-
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: 5

Primary Activity: REAL ESTATE, MANUFACTURING, ASSEMBLING, CONSTRUCTION AND TRADING

Key Challenges

The Zone is still in development

**Inaccurate figures for targets have been provided

Attained >80% of target

Achieved <50% of target

11. CALABAR FREE ZONE, CROSS RIVER STATE

NEPZA

LICENSE APPLICATION	-	1992
LICENSE DATE	-	1992
SIZE (SQM)	-	2,200,000 sqm
OWNERSHIP	-	PUBLIC

Metric`	Targets	Actual	Achieved
Direct Jobs Created	1607	835	52%
Foreign Investments USD (bn)	20	12.5	63%
Local Investments ₦ (bn)	616	123	20%
Occupancy Rate (Enterprises)	100	95	95%
Individuals Trained	1,536	1,536	100%
Exports USD (m)	3	1.4	47%
Local Market Revenue ₦ (m)	411	189	46%
Imports USD (m)	100	79	79%
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: 67

Primary Activity: REAL ESTATE, MANUFACTURING, ASSEMBLING, CONSTRUCTION AND TRADING

Key Challenges

- Inconsistency in government policies e.g., Ban on logging of wood in Cross River State.
- Inability to access foreign exchange
- Lack of cooperation between government agencies
- Downward trend in the economy and high cost of production and other overhead costs are affecting marketing and revenue generation.

12. DANGOTE INDUSTRIES, LAGOS STATE

NEPZA

LICENSE APPLICATION
LICENSE DATE
SIZE (SQM)
OWNERSHIP

- 2018
- 2018
- 21,350,000 sqm
- PRIVATE

Metric`	Targets	Actual	(%) Achieved
Direct Jobs Created	-	15,000	-
Foreign Investments USD (bn)	-	-	-
Local Investments ₦ (bn)	-	-	-
Occupancy Rate (Enterprises)	-	80	-
Individuals Trained	-	5,000	-
Exports USD (m)	-	155	-
Local Market Revenue ₦ (bn)	-	-	-
Imports USD (bn)	-	2.2	-
Duties Paid ₦ (m)	-	19	-
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: 44

Primary Activity: OIL & GAS MANUFACTURING

Key Challenges

Limited data has been provided for this zone

13. LADOL LOGISTICS, LAGOS STATE

NEPZA		LICENSE APPLICATION LICENSE DATE SIZE (SQM) OWNERSHIP
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- 2006
- 2006
- 2,300,000 sqm
- PRIVATE

Metric`	Targets	Actual	Achieved
Direct Jobs Created	5,000	2,957	59%
Foreign Investments USD (bn)	2	1.2	60%
Local Investments ₦ (bn)	50	30	60%
Occupancy Rate (Enterprises)	100	90	90%
Individuals Trained	5,000	2,800	56%
Exports USD (bn)	6.2	4.9	79%
Local Market Revenue ₦ (bn)	2.5	1.5	60%
Imports USD (bn)	8	5.5	69%
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: N/A
 Primary Activity: OIL & GAS, FABRICATION, OIL & GAS VESSELS, LOGISTICS

Key Challenges

- High inflation, drop in national revenue generation for the country amongst other macro-economic indices have impacted their business
- Delay in the issuance of CERPAC Cards
- Miss-understanding of the Free Zone Act in the area of tax payment with FIRS

14. NASCO TOWN, LAGOS STATE

NEPZA

LICENSE APPLICATION
LICENSE DATE
SIZE (SQM)
OWNERSHIP

- 2017
- 2017
- 2,920,000 sqm
- PRIVATE

Metric`	Targets	Actual	(%) Achieved
Direct Jobs Created	80	-	-
Foreign Investments USD (bn)	183,000,000	-	-
Local Investments ₦ (bn)	-		
Occupancy Rate (Enterprises)	20		
Individuals Trained	50		
Exports USD (m)	-		
Local Market Revenue ₦ (bn)	-		
Imports USD (bn)	-		
Duties Paid ₦ (bn)			
VAT ₦ (bn)			
WHT ₦ (bn)			

Number of Enterprises: N/A
Primary Activity: ESTATE DEVELOPMENT,
COMMERCIAL AND MANUFACTURING

Initially classified as an active zone,
however it is not operational and is
under construction as no data can be
provided

Information should have been provided
for **ALSCON EPZ, AKWA IBOM**