[1]Survey of Foreign Assets and Liabilities in Nigeria 2011 Report

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The 2011 survey of foreign assets and liabilities (SOFAL) of enterprises in Nigeria was conducted in June/July 2012 by the Statistics Department of the Central Bank of Nigeria (CBN) in conjunction with the Nigerian Export Processing Zone Authority, Nigerian Investment Promotion Commission and other collaborating agencies. The survey covered large establishments numbering 320 across the country. A total of 275 completed questionnaires were retrieved and analyzed indicating a response rate of 85.9 per cent. The survey instrument was designed to capture cross border transactions/investments of the respondents during 2010 and 2011. Available data from survey returns showed that total foreign claims on the Nigerian economy (liabilities) as at end 2011 rose to ₦12,729.69 billion from ₦11,681.32 billion recorded in 2010. A breakdown of the figures showed that 74.8 per cent came in the form of direct investment, while portfolio investment and other capital flows accounted for 10.3 and 14.9 per cent, respectively. The European Union countries accounted for 54.9 per cent of the total inflow, and are followed by other Africa countries with 15.8 per cent. A breakdown in terms of recipient sectors of inward capital flows to Nigeria revealed that the extractive industries sector ranked highest with 49.4 per cent and is followed by manufacturing, which received 29.1 per cent. Total stock of outward investment as at end 2011 was ₦2,377.03 billion as against ₦2,500.14 in 2010. In 2011, Outward direct investment dominated with 84.1 per cent of the total, while Africa countries were the preferred investment destination for Nigerian enterprises receiving 93.3 per cent of the total outflow mostly by the Nigeria's banking industry. The survey also indicated a decline in investment flow to the economic free zones around the country.

1.0 Introduction

Over the years, the debate on the role of foreign investments in bringing about economic growth has received the attention of policy makers, researchers and international organizations. This is in view of the increasing wave of

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globalization and the consequent substantial movement of capital across economies, enabled by improved information technology. The lessons from the 2008/09 global financial crises have shown that, as much as foreign investments have become increasingly important for developing economies, they are also sources of vulnerabilities to such economies. The collection of reliable data on foreign assets and liabilities is therefore of significant importance for countries to know the extent of their degree of vulnerabilities to developments in other economies.

The Survey of Foreign Assets and Liabilities (SOFAL) is Nigeria's attempt at collecting such reliable statistics, and provides additional data for the compilation of the country's Balance of Payments and International Investment Position statistics. The survey collects data on: Foreign Direct Investment (FDI), Foreign Portfolio Investment (FPI) and Other Capital Flows (OCF) for both inward and outward capital flow in line with international best practice.

The 2011 SOFAL collected data on private capital flows in and out of Nigeria during the periods 2010 and 2011 had the objectives to: measure the size of FDI, FPI and OCF for Nigeria; quantify foreign investments attributed to government special policies like free economic zones; identify enterprises with foreign investments and destination sectors of FPI in Nigeria; and identify the originating/destination economies of capital flows and debt instruments.

For ease of exposition, this report is structured into five sections, with section one as the introduction. Section two provides the background to the survey, while section three presents a detailed documentation of the institutional, methodological and analytical arrangements for the 2011 survey. Section four presents results and discussions, and section five concludes the report.

2.0 Background to the Survey

2.1 Developments in the Economy in 2011

Growth in the global economy was sluggish in 2011 as world output growth rate declined to 3.9 per cent from 5.3 per cent in 2010 (IMF, 2012). This was in the face of worsening Euro area debt crisis, the low growth of the US economy, and political crisis in the Middle East and North Africa. The international financial market was fragile due to the Euro area crisis. In Sub-Saharan Africa, growth slowed to 5.2 per cent compared with 5.3 per cent in the previous year. These developments, including declining demand for commodities around the globe affected the Nigerian economy.

Nigeria's real Gross Domestic Product (GDP), measured in 1990 basic prices, grew by 7.4 per cent in 2011, compared with 7.9 per cent in 2010 (NBS, 2011). The major contributors to this growth were: "services, agriculture, wholesale/retail, building/construction, oil & gas and industry sectors". The development was attributed largely to the conducive macroeconomic environment which included favourable credit conditions that enhanced the financing of the private sector, increased crude oil production and favourable weather conditions that boosted agricultural output, among others. Inflation rate fell to 10.3 per cent from 11.8 per cent in the preceding year amidst series of monetary policy tightening and complementary measures undertaken during the year.

Generally, the performance of Nigeria's external sector improved in 2011 with an estimated overall balance surplus of N47.1 billion (US$0.3 billion) or 0.1 per cent of GDP. However, the current account recorded a reduced surplus equivalent of 3.6 per cent of GDP as the deficit in the services and income accounts (net) overwhelmed oil export receipts and inward transfers. The stock of external reserves as at end-2011 was US$32.6 billion, which could finance 6.3 months of imports. In terms of the financial account, the economy witnessed increased capital inflows in the form of direct and portfolio investments, driven largely by the improved investment climate.

2.2 Promoting Private Investments in Nigeria: Policy Overview

In most economies, domestic private capital has proven to be insufficient in giving the economy the required boost to meet its growth target because of the disparity between capital requirements and domestic savings. Thus, most economies create environments that attract foreign private investment to augment domestic resources.

The Nigeria's economic Transformation Agenda hinges on active participation of the private sector with an annual projected injection of US$13.0 billion into the economy if the Vision 20:2020 is to be actualized. Towards this end, Government had instituted several policies/incentives aimed at creating a sustainable business environment that would enhance the global competitiveness of the economy and make it the preferred investment destination in sub-Saharan Africa.

Historically, the Nigerian investment climate had evolved through the protectionist era of the 1970s to the present days of liberalisation. While policies of both periods were aimed at promoting the participation of the private sector, they however differed in terms of level of equity ownership of businesses by foreign investors.

The protectionist era was anchored on the Nigerian Enterprises Promotion Decree (NEPD) of 1972. That legislation went through various amendments, but the concept remained the same; the imposition of several restrictions on FDI entry, thereby earning the tag 'the indigenization policy'. The 1972 version reserved 22 business activities exclusively for Nigerians, including advertising, gaming, electronics manufacturing, basic manufacturing, road transport, bus and taxi services, the media and retailing and personal services. Foreign investment was permitted up to 60 per cent ownership and provided that the proposed enterprise had, based on 1972 data, share capital of ₦200,000 ($300,000) or turnover of ₦500,000 ($760,000).

The first amendment to the Act was carried out in 1977 which further tightened the restrictions on FDI entry in three ways: (a) by expanding the list of activities exclusively reserved to Nigerian investors (e.g. bus services, travel agencies, the wholesaling of home products, film distribution, newspapers, radio and television and hairdressing); (b) by lowering permitted foreign participation in the FDI-restricted activities from 60 to 40 per cent and adding new activities restricted to 40 per cent foreign ownership such as fish-trawling and processing, plastic and chemicals manufacturing, banking and insurance; and (c) by creating a second list of activities where permitted foreign investment was reduced from 100 to 60 per cent ownership, including manufacturing of drugs, some metals, glass, hotels and oil services companies.

Gradual relaxation of these restrictions began in 1989. The NEPD was amended to exclude a group of 40 business activities in which foreign participation was completely prohibited unless the value of the enterprise exceeded ₦20 million ($2.7 million in 1989). In addition, foreign investors could only hold up to 40 per cent share in insurance, banking, oil production and mining businesses.

Motivated by the globalisation phenomenon as promoted by the World Trade Organisation (WTO); which seeks to advance free movement of capital across economies, the Nigerian Government in 1995 promulgated two basic laws to regulate the participation of private sector and facilitate free transferability of capital in and out of the economy; the Nigerian Investment Promotion Commission Act 16, 1995 and the Foreign Exchange (Monitoring and Miscellaneous) Provisions Act 17, of 1995. Since the promulgation of these laws, the Government of Nigeria had vigorously pursued economic policies and regulatory frameworks that promote equitable rights and privileges for investors irrespective of nationality in the economy.

This policy drive has seen the telecommunications, upstream of the oil & gas, solid minerals, manufacturing, commerce, power, tourism and hospitality industries being totally liberalized.

2.2.1 Establishment of the Nigerian Investment Promotion Commission

The Nigerian Investment Promotion Commission (NIPC) Act No. 16 of 1995 was enacted as the successor to the Industrial Development Coordination Committee (IDCC); it repealed the IDDC Decree No 36 of 1989 as well as the Nigerian Enterprise Promotion Decree of 1989. The Act essentially:

i. *liberalized* the economy and *deregulated* the participation of foreign investors in all activities in the economy except those under the ‘negative list’, and recently, activities covered under the Coastal and Inland Shipping (Cabotage) Act. No 5 of 2003 and the Nigerian Oil and Gas Industry Content Act 2010;

ii. *established the Nigerian Investment Promotion Commission* as the apex investment promotion and facilitation agency of the federal government;

iii. guaranteed the *non-expropriation or nationalization* of investment except on national interest and with due consideration being negotiated.

2.2.2 The Foreign Exchange Provisions Act 17, 1995

Enacted along with the NIPC Act 16 of 1995 was the Foreign Exchange (Monitoring and Miscellaneous) Provisions Act 17 of 1995. Essentially, this Act guaranteed the *unrestricted transferability* of investment capital, profit and dividend through authorized institutions.

With these two Acts, Nigeria’s government demonstrated a clear determination to promote and encourage foreign private investment participation in the economy. Under these two regimes, government had effectively guided the operations of foreign investors in the economy and freely encouraged local entrepreneurs to flourish.

To complement these Acts, Government has, through the NIPC put in place a number of investment incentives to stimulate private sector investment from within and outside the country. While some of these incentives cover all sectors, others are limited to some specific sectors. The nature and application of these incentives have been considerably simplified. The incentives include:

a. *Companies' income tax:*- The Companies Income Tax Act has been amended in order to encourage potential and existing investors and entrepreneurs. The current rate in all sectors, except for petroleum, is 30 percent.

b. *Pioneer status*:- The grant of Pioneer Status to an industry is aimed at enabling the industry concerned to make a reasonable level of profit within its formative years. The profit so made is expected to be ploughed back into the business. Pioneer status is a five-year tax holiday granted to qualified or (eligible) industries anywhere in the Federation and seven-year tax holiday in respect of industries located in economically disadvantaged local government areas of the Federation.

c. *Investment in infrastructure*: - This is a form of incentive granted to industries that provide facilities that ordinarily, should have been provided by government. Such facilities include access roads, pipe borne water and electricity. Twenty percent (20%) of the cost of providing these infrastructural facilities, where they do not exist, is tax deductible.

d. *Investment in economically disadvantaged areas*:- Without prejudice to the provision of the pioneer status enabling law, a pioneer industry sited in economically disadvantaged Local Government Area is entitled to 100% tax holiday for seven years and an additional 5% capital depreciation allowance over and above the initial capital depreciation allowance.

e. *Labour intensive mode of production*: - Industries with high labour/capital ratio are entitled to tax concessions. These are industries with plants, equipment and machinery, which essentially are operated with minimal automation. Where there is automation, such automation should not be more than one process in the course of production. The rate is graduated in such a way that an industry employing 1,000 persons or more will enjoy 15 percent tax concession, while an industry employing 200 will enjoy 7 percent and those employing 100 will enjoy 6 percent and so on.

f. *Local value added*:- 10% tax concession for five (5) years. This applies essentially to engineering industries, where some finished imported products serves as inputs. The concession is aimed at encouraging local fabrication rather than the mere assembly of completely knocked down parts, in the case of vehicles and machinery.

g. *Re-investment allowance*:- This incentive is granted to companies engaged in manufacturing which incur qualifying capital expenditure for the purposes of approved expansion, etc. the incentive is in the form of a generalized allowance of capital expenditure incurred by companies for the following: expansion of production capacity, modernization of production facilities and diversification into related products

h. *Minimum local raw materials utilization*:- A tax credit of 20% is granted for five years to industries that attain the minimum level of local raw material sourcing and utilization. The minimum levels of local raw materials sourcing and utilization by sectors are Agro-allied - 70%; Engineering - 60%; Chemicals - 60% and Petrochemicals - 70%

2.2.3 Establishment of the Nigeria Export Free Zone Scheme

The Nigeria Export Free Zone Scheme was introduced in 1992 by the Federal Government of Nigeria as a policy instrument to drive the economy on a path of industrialization and economic development with particular emphasis on economy diversification, attraction of foreign direct investment, job creation, export development, domestic value addition, technology/skills transfer and infrastructure development.

The NEPZA Act No. 63 of 1992 established the Nigeria Export Processing Zone Authority (NEPZA) as the government agency with the mandate to handle the responsibility of licensing, regulating and monitoring of economic free zones in Nigeria.

Export Free Zones are designated geographic areas considered outside the customs area which offer duty and tax free incentives which include duty free importation of raw materials, machinery, spare parts, equipment and other inputs. It also offers simplified administrative procedures which reduces the hassle of doing business.

Over the years, the export free zone scheme has been transformed to satisfy the needs of investors as well as open more opportunities for businesses taking into account the country's comparative advantages. The scheme is now liberalized to allow for the active participation of the private sector through the establishment of private free zones or public/private free zones. The scheme covers not only manufacturing activities but trade, agriculture, logistics, tourism, mining, ICT, oil & gas and more. As of date there are 28 export free zones located across the country and at various stages of development.

3.0 Survey Methodology and Management

The maiden edition of SOFAL in Nigeria was conducted by the CBN in June/July of 2011 and encompassed the Coordinated Direct Investment Survey (CDIS), which was inaugurated in 2009, as well as two other components: portfolio investment (stock and flows) and other foreign private capital flows. The 2010 survey covered 271 establishments (of which 229 responded) and were required to provide data for both 2010 and 2009. The IMF Statistics Department (STA) technical assistance mission on financial account compilation of the balance of payments and international investment position to the CBN in March 2012 reviewed the conduct of the 2010 SOFAL. Issues of systematic nonresponse in respect of joint-venture enterprises (JVEs) in the oil and gas sector, and the survey frame which lacked sufficient coverage of enterprises that have significant foreign assets and liabilities, including enterprises in the free trade zones (FTZs) were raised. The non-coverage of enterprises in the free economic zones and nonresponse from the JVEs greatly diminishes the results of the SOFAL. The mission consequently recommended that reporting from the JVEs be given the highest priority in subsequent surveys, and the survey frame revised to include enterprises in the free trade zones. These and other observations were taken into consideration in the conduct of the 2011 SOFAL.

The overall objective of the 2011 SOFAL was to measure the size of foreign assets and liabilities in Nigeria during the periods 2010 and 2011. The sum of investments made by Nigerian resident enterprises in direct investment abroad is regarded as the country's "foreign private assets", while "foreign private liabilities" refer to the total investments made by non-resident enterprises in the Nigerian economy. The 2011 SOFAL collected data on three components of capital flows; FDI, FPI and OCF; and further assessed the impact of government special policies on foreign investment flows; identified destination sectors of inward capital flows, countries of outward investments and originating countries of inward through the administration of structured questionnaire to enterprises with foreign assets and liabilities in line with international best practice.

3.1 Scope and Coverage

The register of enterprises used for the survey was revised with information from various sources including Corporate Affairs Commission (CAC), NIPC, NEPZA, Oil and Gas Free Zone Authority (OGFZA), Manufacturers Association of Nigeria (MAN). These enterprises cut across manufacturing, agriculture, construction, utilities, transport and communication, financing, insurance& business services and oil & gas sectors. However, manufacturing, and oil and gas sectors received particular attention. In collaboration with MAN, the survey team ensured that manufacturing firms included in the survey frame were operational as at the end of 2011. Respondents were required to provide data on their operations during 2010 and 2011. The survey was conducted in July 2012.

The questionnaire was designed to capture data on enterprises' foreign assets and liabilities and was structured into four parts: enterprise characteristics, inward investments, outward investments and supplementary information. The survey period was divided into three parts namely: lodgment during which enumerators were expected to lodge the survey instruments with selected enterprises; completion period during which the respondents were expected to complete the forms and; and retrieval period in which the enumerators returned to the enterprises to retrieve the completed forms.

3.2 Stakeholder Sensitization and Mobilization

The sensitization of the stakeholders was done to bring about better understanding of the importance and gains of the SOFAL exercise as a result, the stakeholders became profoundly enlightened and aware of issues and challenges as well as ways that would contribute to improving the quality of the country's external sector statistics. Accordingly, several meetings were held with the stakeholders in order to gain their buy-in. Towards this end, stakeholder agencies including the NIPC, NEPZA, FMTI, MAN, NACCIMA and OGFZA, amongst others were mobilized through sensitization meetings. This resulted in the inauguration of a SOFAL technical working group (TWG) with members drawn from all collaborating agencies to provide an operational framework for the SOFAL project. As part of the recommendations of the TWG, collaborating agencies were to be responsible for the conduct of the SOFAL in their respective areas of authority.

Federal Ministry of Trade and Investment (FMT&I): The ministry participated at all preparatory meetings, provided institutional support by encouraging agencies under its purview (i.e. NEPZA and NIPC) to cooperate with the CBN in the execution of the survey.

Central Bank of Nigeria: the Bank served as the secretariat for the coordination of all activities, chaired the Technical Working Group (TWG), which is chaired by the Head of External Sector Statistics Division, Statistics Department. It was also responsible for stakeholders' meetings, drawing up of survey budget, printing of survey questionnaires, training of field staff, and sensitization of respondents/stakeholders. In addition, the data analysis and production of final report as well as validation and dissemination of results were the responsibilities of the Bank. The staff of the statistics offices in the CBN branches nationwide also participated actively in the survey.

Nigerian Export Processing Zone (NEPZA): The agency participated at all meetings preparatory to the survey and was responsible for conducting the survey in the country's major free trade zones. This included updating the survey frame, lodgment of questionnaire with qualifying free zone enterprises and retrieval of completed questionnaires.

ONNE Oil & Gas Free Zone Authority (OGFZ): As in NEPZA above, the agency was responsible for conducting the survey in Onne oil and gas free trade zone, rivers state, and this included lodgment of questionnaire and retrieval from qualifying free zone enterprises to administer the SOFAL questionnaires to them.

Nigerian Investment Promotion Commission (NIPC): the commission provided technical support during the planning for the survey. In addition, it made available to the CBN, a list of all enterprises registered under the one stop investment centre of the commission for the purpose of updating the CBN SOFAL business register, and report writing.

Manufacturers Association of Nigeria (MAN): the CBN collaborated with MAN in collecting data from firms operating in the manufacturing sector of the country.

3.3 Field Staff Training

The 2011 SOFAL fieldwork was conducted with active collaboration of the MAN, NEPZA and OGFZA. In this regard, the Statistics Department of the CBN held training sessions for field enumerators of each of the collaborating agencies with a view to enhancing their understanding of the survey instrument. The training sessions were held at Lagos (MAN), Calabar (NEPZA) and Port Harcourt (OGFZA). The enumerators were tutored on survey etiquettes, objectives of SOFAL and ways of conducting consistency checks on completed questionnaires.

4.0 Results and Discussions

The survey covered a total of 320 establishments across the nation, the respondents were required to supply assets/liabilities data for both 2011 and 2010. These assets/liabilities include equity, debt and other capital flows. A total number of 275 completed questionnaires were analyzed, indicating a response rate of 85.9 per cent.

4.1 Private Foreign Liabilities

Survey returns revealed that total inward capital to Nigeria from other countries (foreign liabilities) amounted to ₦12,729.69 billion as at end 2011, representing an increase of 8.97 per cent above the level of ₦11,681.32 billion in 2010 (Table 1).

A breakdown of the 2011 figure by category of capital showed that ₦9,515.34 billion or 74.75 per cent came in the form of direct investment, while portfolio investment and other capital flows accounted for ₦1,318.48 billion or 10.36 per cent and ₦1,895.87 billion or 14.89 per cent, respectively.

A further breakdown of total inward capital by originating economy in 2011 showed that ₦6,988.08 billion or 54.90 per cent was from the EU (Table 2).

Table 1: Nigeria's Foreign Liabilities by Category (₦ 'Billion)

	FDI	FPI	OCF	Total
2011	9,515.34	1,318.48	1,895.87	**12,729.69**
% Share	*74.75*	*10.36*	*14.89*	
2010	8,108.99	1,907.69	1,664.64	**11,681.32**
% Share	*69.42*	*16.33*	*14.25*	
Annual Change (%)	*17.34*	*-30.89*	*13.89*	***8.97***

This was followed by Africa, which accounted for ₦2, 013.41 (or 15.82 per cent). Other regions of capital origin were Asia (13.97 per cent), North Atlantic & Caribbean (11.30 per cent), North America (3.99 per cent) and other countries (0.03 per cent). A further breakdown of investments from Africa revealed that investments from East and Central Africa dominated (85.15 per cent) while ECOWAS sub-region accounted for 6.6 per cent.

Table 2: Nigeria's Foreign Liabilities by Region of Origin (₦ 'Billion)

Region	2011 (1)	2010 (2)	*% Change Btw (1) & (2)*	*% Share Column (1)*	*% Share Column (2)*
Asia	**1,778.64**	**1,612.72**	**10.29**	**13.97**	**13.81**
European Union	**6,988.08**	**7,469.34**	**-6.44**	**54.90**	**63.94**
North America	**507.73**	**477.33**	**6.37**	**3.99**	**4.09**
North Atlantic & Caribbean	**1,438.54**	**1,439.63**	**-0.08**	**11.30**	**12.32**
Others	**3.29**	**8.15**	**-59.59**	**0.02**	**0.07**
Africa	**2,013.41**	**674.14**	**198.66**	**15.82**	**5.77**
ECOWAS	*133.54*	*122.61*	*8.92*	*6.63*	*18.19*
East & Central Africa	*1,714.33*	*441.96*	*287.89*	*85.15*	*65.56*
South Africa	*157.37*	*107.71*	*46.10*	*7.82*	*15.98*
North Africa	*8.15*	*1.86*	*338.42*	*0.40*	*0.28*
Total	**12,729.69**	**11,681.32**	**8.97**		

Analysis of inward investments by recipient sector revealed that the extractive industries sector ranked highest as it accounted for ₦6,285.97 billion or 49.38 per cent of the total foreign liabilities in the economy as at end 2011 (Table 3). This was followed by manufacturing (₦3, 704.37 billion or 29.10 per cent) and transport, storage & communication (₦1, 272.64 billion or 10.0 per cent).

4.2 Private Foreign Liabilities by Category of Capital

a. Foreign Direct Investment (FDI)

A breakdown of total capital inflows as at end-2011 showed that ₦9, 515. 34 billion came in the form of direct investment, representing about 74.75 per cent (Table 1). Of the total FDI stock recorded in 2011, a sum of ₦6, 656.64 billion or 69.96 per cent was in the form of equity, while the balance of ₦2,858. 70 billion or 30.04 per cent came in the form of debt (Table 4).

Table 3: Nigeria's Foreign Liabilities by Destination Sector (₦ 'Billion)

Sector	2011 (1)	2010 (2)	% Change Btw (1) & (2)	% Share Column (1)	% Share Column (2)
Agriculture, Hunting, Forestry and Fishing	6.09	9.51	-35.91	0.05	0.08
Financing, Insurance, Real Estate & Business Services	726.27	328.73	120.94	5.71	2.81
Extractive	6,285.97	6,695.01	-6.11	49.38	57.31
Construction	157.57	127.55	23.53	1.24	1.09
Manufacturing	3,704.37	2,377.17	55.83	29.10	20.35
Transport, Storage and Communication	1,273.39	1,531.99	-16.88	10.00	13.11
Wholesale and Retail Trade, Catering and Accomodation	576.02	611.37	-5.78	4.52	5.23
Global Total	12,729.69	11,681.32	*8.97*		

An analysis of FDI by originating regions revealed that the bulk of investments as at end-2011 came from the EU (₦5, 294.36 billion or 55.64 per cent) (Table 5). The EU was followed by Asia (₦1, 636.76 billion or 17.20 per cent), North Atlantic & Caribbean (₦1, 431.07 billion or 15.04 per cent), and Africa (₦646.67 billion or 6.80 per cent). Other regions from which Nigeria attracted direct investments were North America (₦503.18 billion or 5.29 per cent) and others (₦3.29 billion or 0.03 per cent). A further breakdown of FDI from Africa showed that the ECOWAS, Southern Africa, East & Central Africa and North Africa sub-regions contributed 57.20, 23.83, 17.71 and 1.26 per cent, respectively. In terms of regional contributions to inward FDI between 2010 and 2011, inflows from EU, Asia, Africa, North America and others rose by 19.64, 26.44, 34.35, 6.47 and 1.00 per cent, respectively. However, the contribution of North Atlantic and Caribbean declined slightly by 0.08 per cent.

A breakdown of total FDI to Nigeria by recipient sector showed that the extractive sector received the largest share as at end-2011 with a sum of ₦4, 853.76 billion or 51.0 per cent. Enterprises in the oil and gas sub-sector largely accounted for this as the oil and gas sub sector accounted for about 99.0 per cent of total FDI inflows to the sector (Table 4). About 64.1 per cent of investments into the oil and gas subsector were in the form of equity while the balance of 35.9 per cent came in the form of debt instruments. The extractive sector was followed by manufacturing (₦2, 309.87 billion or 24.3 per cent) and transport, storage & communication (₦1, 164.69 billion or 12.2 per cent). Agriculture, hunting, forestry & fishing got the least investment (₦6.09 billion or 0.1 per cent)

Table 4: Nigeria's Inward FDI by Sector and Instrument Type (₦ 'Billion)

Sector		Equity (1)	Debt (2)	Total Equity + Debt (3)	Sectoral Share in Total	% Share of (1) In (3)	% Share of (2) In (3)
Agriculture, Hunting, Forestry and Fishing		**5.85**	**0.24**	**6.09**	**0.06**	**96.02**	**3.98**
Financing, Insurance, Real Estate & Business Services		**214.25**	**237.55**	**451.79**	**4.75**	**47.42**	**52.58**
of which:	*Banking*	*134.86*	*237.56*	*372.42*	*3.91*	*36.21*	*63.79*
	Insurance	*10.24*	*(0.01)*	*10.23*	*0.11*		
	Business Services	*61.54*	-	*61.54*	*0.65*		
	Real Estate	*7.61*	-	*7.61*	*0.08*		
Extractive		**3,115.36**	**1,738.41**	**4,853.76**	**51.01**	**64.18**	**35.82**
of which:	*Oil & Gas*	*3,081.72*	*1,723.97*	*4,805.68*	*50.50*	*64.13*	*35.87*
	Free Zone	*14.81*	-	*14.81*	*0.16*		
	Non Oil	*33.64*	*14.44*	*48.08*	*0.51*	*69.97*	*30.03*
Construction		**152.91**	**3.41**	**156.31**	**1.64**		
of which:	*Free Zone*	*120.26*	-	*120.26*	*1.26*		
Manufacturing		**1,974.79**	**335.09**	**2,309.87**	**24.28**	**85.49**	**14.51**
of which:	*Free Zone*	*725.48*	*0.08*	*725.56*	*7.63*	*99.99*	*0.01*
Transport, Storage and Communication		**622.33**	**542.36**	**1,164.69**	**12.24**	**53.43**	**46.57**
of which:	*Transport*	255.77	526.74	782.50	*8.22*	*32.69*	*67.31*
	Free Zone	23.12	-	23.12	*0.24*		
	Communication	366.57	15.62	382.19	*4.02*	*95.91*	*4.09*
Wholesale and Retail Trade, Catering and Accomodation		**571.16**	**1.65**	**572.81**	**6.02**	**99.71**	**0.29**
of which:	*Wholesale & Retail*	*568.63*	*1.65*	570.29	*5.99*	*99.71*	*0.29*
	Free Zone	*559.23*	-	559.23	*5.88*		
	Catering	*0.28*	-	0.28	*0.00*		
	Free Zone	*0.28*	-	0.28	*0.00*		
	Accomodation	*2.24*	-	2.24	*0.02*		
Global Total		**6,656.64**	**2,858.70**	**9,515.34**		**69.96**	**30.04**

Table 5: Nigeria's Inward FDI by Region of Origin (₦ 'Billion)

Region		2011	Share in Total	2010	Share in Total	% Change
Asia		**1,636.76**	**17.20**	**1,294.54**	**15.96**	***26.44***
European Union		**5,294.36**	**55.64**	**4,425.09**	**54.57**	***19.64***
North America		**503.18**	**5.29**	**472.60**	**5.83**	***6.47***
North Atlantic & Caribbean		**1,431.07**	**15.04**	**1,432.16**	**17.66**	***-0.08***
Others		**3.29**	**0.03**	**3.26**	**0.04**	***1.00***
Africa		**646.67**	**6.80**	**481.35**	**5.94**	***34.35***
of which:	*ECOWAS*	*369.89*	*57.20*	*267.73*	*55.62*	*38.16*
	East & Central Africa	*114.52*	*17.71*	*111.31*	*23.12*	*2.88*
	South Africa	*154.11*	*23.83*	*100.45*	*20.87*	*53.43*
	North Africa	*8.15*	*1.26*	*1.86*	*0.39*	*338.42*
Total		**9,515.34**		**8,108.99**		***17.34***

Table 6: Sectoral Distribution of Nigeria's FDI (₦ 'Billion)

Sector	2011 (1)	2010 (2)	% Change Btw (1) & (2)	% Sectoral Share (1)	% Sectoral Share (2)
Agriculture, Hunting, Forestry and Fishing	**6.09**	**8.00**	**-23.84**	**0.06**	**0.10**
Financing, Insurance, Real Estate & Business Services	**451.79**	**244.16**	**85.04**	**4.75**	**3.01**
of which: Banking	*372.42*	*211.99*	*75.68*	*3.91*	*2.61*
Insurance	*10.23*	*10.62*	*-3.68*	*0.11*	*0.13*
Business Services	*61.54*	*13.69*	*349.52*	*0.65*	*0.17*
Real Estate	*7.61*	*7.86*	*-3.28*	*0.08*	*0.10*
Extractive	**4,853.76**	**3,955.43**	**22.71**	**51.01**	**48.78**
of which: Oil & Gas	*4,805.68*	*3,925.85*	*22.41*	*50.50*	*48.41*
Free Zone	*14.81*	*12.99*	*13.96*	*0.16*	*0.16*
Non Oil	*48.08*	*29.57*	*62.58*	*0.51*	*0.36*
Construction	**156.31**	**122.06**	**28.07**	**1.64**	**1.51**
of which: Free Zone	*120.26*	*85.96*	*39.90*	*1.26*	*1.06*
Manufacturing	**2,309.87**	**1,911.99**	**20.81**	**24.28**	**23.58**
of which: Free Zone	*725.56*	*461.38*	*57.26*	*7.63*	*5.69*
Transport, Storage and Communication	**1,164.69**	**1,264.08**	**-7.86**	**12.24**	**15.59**
of which: Transport	*782.50*	*990.26*	*-20.98*	*8.22*	*12.21*
Free Zone	*23.12*	*-*	*-*	*0.24*	*0.00*
Communication	*382.19*	*273.82*	*39.58*	*4.02*	*3.38*
Wholesale and Retail Trade, Catering and Accomodation	**572.81**	**603.27**	**-5.05**	**6.02**	**7.44**
of which: Wholesale & Retail	*570.29*	*601.13*	*-5.13*	*5.99*	*7.41*
Free Zone	*559.23*	*590.86*	*-5.35*	*5.88*	*7.29*
Catering	*0.28*	*0.26*	*7.70*	*0.00*	*0.00*
Free Zone	*0.28*	*0.26*	*7.70*	*0.00*	*0.00*
Accomodation	*2.24*	*1.88*	*19.21*	*0.02*	*0.02*
Global Total	**9,515.34**	**8,108.99**	***17.34***		

Four sectors of the economy attracted higher inward FDI in 2011 compared with their levels in 2010. These were financing, insurance, real estate and business services (85.0 per cent), construction (28.1 per cent), extractive (22.7 per cent), and manufacturing (20.8 per cent). However, inflows of direct investment to agriculture, hunting, forestry & fishing, transport, storage & communication and wholesale & retail trade, catering & accommodation services fell by 23.8, 7.9 and 5.1 per cent, respectively (Table 6).

b. Foreign Portfolio Investment (FPI)

The stock of FPI in Nigeria as at end-2011 stood at ₦1, 318.48 billion, representing about 10.36 per cent of total inward capital (Table 1). Debt investment dominated inward FPI as it accounted for ₦1, 117.44 billion or about 84.75 per cent while the balance of ₦201.03 billion or 15.25 per cent came in the form of equity.

Table 7: Nigeria's Inward FPI by Sector and Instrument Type (₦ 'Billion)

Sector		Equity (1)	Debt (2)	Total Equity + Debt (3)	Share in Total	% Share of (1) In (3)	% Share of (2) In (3)
Agriculture, Hunting, Forestry and Fishing		-	-	-	-	-	-
Financing, Insurance, Real Estate & Business Services		**0.94**	**135.74**	**136.68**	**10.37**	**0.69**	**99.31**
of which:	*Banking*	*0.31*	*135.74*	*136.05*		*0.23*	*99.77*
	Insurance	-	-	-		-	-
	Business Services	-	-	-		-	-
	Real Estate	*0.63*	-	*0.63*		*100.00*	*0.00*
Extractive		**163.96**	**980.34**	**1,144.30**	**86.79**	**14.33**	**85.67**
of which:	*Oil & Gas*	*163.96*	*980.34*	*1,144.30*		*14.33*	*85.67*
	Free Zone	-	-	-		-	-
	Non Oil	-	-	-		-	-
Construction		-	-	-		-	-
of which:	*Free Zone*	-	-	-		-	-
Manufacturing		**2.28**	**1.09**	**3.37**	**0.26**	**67.60**	**32.40**
of which:	*Free Zone*	-	-	-		-	-
Transport, Storage and Communication		**30.65**	**0.27**	**30.93**	**2.35**	**99.11**	**0.89**
of which:	*Transport*	*5.99*	*0.24*	*6.22*		*96.18*	*3.82*
	Free Zone	-	-	-		-	-
	Communication	*24.67*	*0.04*	*24.70*		*99.85*	*0.15*
Wholesale and Retail Trade, Catering and Accomodation		**3.20**	-	**3.20**	**0.24**	**100.00**	**0.00**
of which:	*Wholesale & Retail*	*3.18*	-	*3.18*		*100.00*	*0.00*
	Free Zone	-	-	-		-	-
	Catering	*0.03*	-	*0.03*		*100.00*	*0.00*
	Free Zone	-	-	-		-	-
	Accomodation	-	-	-		-	-
Global Total		**201.03**	**1,117.44**	**1,318.48**		**15.25**	**84.75**

A further breakdown of FPI inflows to different sectors by instrument type revealed that two sectors, namely: financing, insurance, real estate & business services and extractive industry had more debt inflows than equity. However, the share of equity in total FPI inflows to manufacturing; transport, storage & communication; wholesale & retail trade, catering & accommodation stood at 67.6, 99.1 and 100.0 per cent, respectively (Table 7).

Similar to developments in the FDI inflows, survey returns showed that the extractive industry remained the preferred sector for portfolio investors in the country as it received ₦1, 144.30 billion or 86.79 per cent in 2011. Other sectors that attracted FPI inflows included financing, insurance, real estate & business services (₦136.68 billion or 10.37 per cent), transport, storage & communication (₦30.93 billion or 2.35 per cent), manufacturing (₦3.37 billion or 0.26 per cent) and wholesale & retail trade, catering & accommodation services (₦3.20 billion or 0.24 per cent). A further breakdown of FPI inflows to the extractive sector showed that the oil & gas sub-sector dominated with an investment of ₦1, 144.30 billion, representing the entire FPI inflows to the sector (Table 7).

An analysis of FPI by originating economies revealed that the bulk of investments as at end-2011 came from the EU countries (₦1, 279.08 billion or 97.0 per cent). The EU was followed by Africa (₦27.40 billion or 2.1per cent), North Atlantic & Caribbean (₦7.47 billion or 0.6 per cent). Other regions from where Nigeria attracted portfolio investments were North America (₦4.52 billion or 0.3 per cent). A further breakdown of FPI inflows from Africa showed that the bulk of investments originated from ECOWAS sub-region (62.8 per cent) while the balance of ₦10.20 billion (or 37.2 per cent) came from East & Central Africa (Table 8).

Table 8: Total Foreign Portfolio Investment by Region (₦ 'Billion)

Region	2011	Share in Total	2010	Share in Total	% Change
Asia	-	-	-	-	-
European Union	**1,279.08**	**97.01**	**1,867.87**	**97.91**	*-31.52*
North America	**4.52**	**0.34**	**4.52**	**0.24**	*0.00*
North Atlantic & Caribbean	**7.47**	**0.57**	**7.47**	**0.39**	*0.00*
Others	-	-	-	-	-
Africa	**27.40**	**2.08**	**27.82**	**1.46**	*-1.52*
of which: ECOWAS	*17.20*	*62.78*	*17.20*	*61.82*	*0.00*
East & Central Africa	*10.20*	*37.22*	*10.62*	*38.18*	*-3.98*
South Africa	-	-	-	-	-
North Africa	-	-	-	-	-
Total	**1,318.48**		**1,907.69**		*-30.89*

c. Other Foreign Capital Flows (OCF)

Survey returns showed that inward OCF as at end 2011 amounted to ₦1, 895.87 billion, representing about 14.89 per cent of total inward capital inflows to the country (Table 1). The 2011 inward flows represented an increase of 13.89 per cent above its level in the previous year.

Table 9 showed that the manufacturing sector received ₦1, 391.13 billion or 73.38 per cent of total OCF (inward) stock in the country at end-2011. Next to manufacturing were extractive industry (₦287.91 billion or 15.19 per cent), financing, insurance, real estate & business services (₦137.81 billion or 7.27 per cent) and transport, storage and communication (₦77.77 billion or 4.10 per cent). Of the ₦287.91 billion that came into the country's extractive sector as

OCF, ₦284.65 billion (or 98.9 per cent) went into the oil & gas sub-sector while the non-oil sub-sector accounted for the balance of 1.1 per cent.

Table 9: Other Capital Inflows by Sector (₦ 'Billion)

Sector	2011 (1)	2010 (2)	% Change Btw (1) & (2)	% Sectoral Share (1)	% Sectoral Share (2)
Agriculture, Hunting, Forestry and Fishing	**-**	**1.51**	**-**	**0.00**	**0.09**
Financing, Insurance, Real Estate & Business Services	**137.81**	**26.97**	**411.03**	**7.27**	**1.62**
of which: Banking	*137.76*	*26.92*	*411.77*	*7.27*	*1.62*
Insurance	-	-	-	*0.00*	*0.00*
Business Services	*0.05*	*0.05*	*0.00*	*0.00*	*0.00*
Real Estate	-	-	-	*0.00*	*0.00*
Extractive	**287.91**	**993.59**	**-71.02**	**15.19**	**59.69**
of which: Oil & Gas	*284.65*	*986.32*	*-71.14*	*15.01*	*59.25*
Free Zone	-	*761.27*	-	*0.00*	*45.73*
Non Oil	*3.26*	*7.27*	*-55.12*	*0.17*	*0.44*
Construction	**1.26**	**5.50**	**-77.13**	**0.07**	**0.33**
of which: Free Zone	-	-	-	*0.00*	*0.00*
Manufacturing	**1,391.13**	**397.19**	**250.25**	**73.38**	**23.86**
of which: Free Zone	-	*257.36*	-	*0.00*	*15.46*
Transport, Storage and Communication	**77.77**	**235.00**	**-66.91**	**4.10**	**14.12**
of which: Transport	*9.97*	*167.21*	*-94.04*	*0.53*	*10.04*
Free Zone	-	-	-	*0.00*	*0.00*
Communication	*67.80*	*67.80*	*0.00*	*3.58*	*4.07*
Wholesale and Retail Trade, Catering and Accomodation	**-**	**4.89**	**-**	**0.00**	**0.29**
of which: Wholesale & Retail	-	-	-	*0.00*	*0.00*
Free Zone	-	-	-	*0.00*	*0.00*
Catering	-	-	-	*0.00*	*0.00*
Free Zone	-	-	-	*0.00*	*0.00*
Accomodation	-	*4.89*	-	*0.00*	*0.29*
Global Total	**1,895.87**	**1,664.64**	***13.89***		

Similarly, in financing, insurance, real estate & business services sector, the banking sub-sector received the bulk of the investments, accounting for ₦137.76 billion or 99.96 per cent (Table 9).

When compared with the levels in the previous year, the inward OCF to financing, insurance, real estate and business services grew substantially by 411.0 per cent to ₦137.81 billion (Table 9). Similarly, the manufacturing sector recorded 250.3 per cent increase in inflow of OCF as it received ₦1, 391.13 billion. However, OCF to the remaining sectors declined as follows: construction (77.1 per cent), extractive (71.0 per cent) and transport, storage & communication (66.9 per cent).

Available data from survey returns revealed that N1, 339.34 billion or 70.64 per cent of OCF to the country in 2011 originated from Africa (Table 10). As in the case of FPI, the ECOWAS sub-region contributed the bulk of OCF inflows from Africa being responsible for ₦1, 327.25 billion or 99.10 per cent. This was followed by East & Central Africa (₦8.83 billion or 0.66 per cent). Other notable regions from which substantial inflows of OCF came into Nigeria during 2011 included the EU (₦414.63 billion or 21.87 per cent) and Asia (₦141.88 billion or 7.48 per cent).

Table 10: Other Capital Inflows by Region of Origin (₦ 'Billion)

Table 7: Other Foreign Capital Inflows by Region of Origin (N'000)

Region	2011	Share in Total	2010	Share in Total	% Change Btw
Asia	141.88	7.48	318.19	19.11	-55.41
European Union	414.63	21.87	1,176.38	70.67	-64.75
North America	0.02	0.00	0.21	0.01	-90.04
North Atlantic & Caribbean	0.002	0.00	0.00	0.00	55.29
Others	-	0.00	4.89	0.29	-
Africa	1,339.34	70.64	164.98	9.91	711.84
ECOWAS	*1,327.25*	*99.10*	*157.03*	*95.18*	*745.23*
East & Central Africa	*8.83*	*0.66*	*0.68*	*0.41*	*1202.36*
South Africa	*3.26*	*0.24*	*7.27*	*4.41*	-
North Africa	-	*0.00*	-	*0.00*	-
Total	1,895.87		1,664.64		13.89

When compared to its level in 2010, capital from Africa grew by 711.84 per cent to ₦1, 339.34 billion in 2011 (Table 10). Similarly, other capital inflows from North Atlantic & Caribbean rose by 55.3 per cent to ₦2.45 million during the comparable period. However, inflow of other capital from the remaining regions fell, with the largest decline coming from North America (90.04 per cent). This was followed by EU (64.75 per cent) and Asia (55. per cent).

4.3 Private Foreign Assets

The total stock of outward investments at end 2011 stood at ₦2, 377.03 billion. Of this amount, a sum of ₦2, 139.72 (or 90.02 per cent) was invested in form of debt while the balance of ₦237.31 billion (or 9.98 per cent) was in the form of equity (Table 11).

Table 11: Nigeria's Foreign Assets by Instrument Type (₦ 'Billion)

Year	Total (N'000) (1)	Equity (N'000) (2)	Debt (N'000) (3)	% Share of (2) in (1)	% Share of (3) in (1)
2011	2,377.03	237.31	2,139.72	*9.98*	*90.02*
2010	2,500.14	205.08	2,295.06	*8.20*	*91.80*

4.4 Analysis of Private Foreign Assets

Outward FDI remained the dominant component of total outward investments during the year, accounting for ₦1, 999.90 billion (or about 84.13 per cent). This was followed by other capital outflows, which amounted to ₦374.41 billion (or 15.75 per cent). Outward FPI stood at ₦2.72 billion (or 0.11 per cent), accounting for the balance (Table 12). When compared to their levels in the previous year, FDI and FPI outflows declined by 9.52 per cent while other capital outflows rose by 30.46 per cent.

Table 12: Nigeria's Foreign Assets by Category of Capital (₦ 'Billion)

	FDI	FPI	OCF	Total
2011	**1,999.90**	**2.72**	**374.41**	**2,377.03**
% Share	*84.13*	*0.11*	*15.75*	
2010	**2,210.42**	**2.72**	**287.00**	**2,500.14**
% Share	*88.41*	*0.11*	*11.48*	
Annual Change (%)	*-9.52*	*0.00*	*30.46*	*-4.92*

Analysis of total foreign assets by region showed that ₦2, 216.47 billion or 93.25 per cent went to other Africa countries (Table 13). Other notable regions that attracted Nigerian investors in 2011 included: North Atlantic and Caribbean (₦120.14 billion or 5.05 per cent), and European Union (₦40.15 billion or 1.69 per cent). Of the total for the African continent, the ECOWAS sub-region received ₦1,621.48 billion or 73.16 per cent, East & Central Africa ₦593.68 billion or 26.78 per cent, Southern Africa (₦1.28 billion or 0.06 per cent and North Africa ₦0.03 billion or 0.001 per cent. When compared to its level in 2010, outward capital flow to African countries from Nigeria declined by 5.59 per cent to N2, 216.47 billion in 2011. Similarly, capital outflows to Asia and North America fell by 91.35 and 11.88 per cent, respectively. However, the European Union and North Atlantic & Caribbean countries received higher inflows from Nigeria in 2011 as Nigerian investors increased their investment to the regions by 3.24 and 5.67 per cent, respectively (Table 13).

A breakdown of total outward investment from Nigeria by investing sector showed that the financing, insurance, real estate and business services sector invested the largest share as at end-2011, contributing a sum of ₦2, 250.16 billion or 94.66 per cent (Table 14). The banking sub sector accounted for 99.9 per cent of the total for the sector.

Table 13: Nigeria's Foreign Assets by Destination Economy (₦ 'Billion)

Region		2011 (1)	2010 (2)	% Change Btw (1) & (2)	% Regional Share (1)	% Regional Share (2)
Asia		**0.19**	**2.17**	**-91.35**	**0.01**	**0.09**
European Union		**40.15**	**38.89**	**3.24**	**1.69**	**1.56**
North America		**0.08**	**0.09**	**-11.88**	**0.00**	**0.00**
North Atlantic & Caribbean		**120.14**	**113.70**	**5.67**	**5.05**	**4.55**
Others		**-**	**-**	**-**	**0.00**	**0.00**
Africa		**2,216.47**	**2,345.30**	**-5.49**	**93.25**	**93.81**
of which:	*ECOWAS*	*1,621.48*	*1,812.70*	*-10.55*	*73.16*	*77.29*
	East & Central Africa	*593.68*	*529.98*	*12.02*	*26.78*	*22.60*
	South Africa	*1.28*	*2.59*	*-50.57*	*0.06*	*0.11*
	North Africa	*0.03*	*0.03*	*5.06*	*0.00*	*0.00*
Total		**2,377.03**	**2,500.14**	**-4.92**		

The financing, insurance, real estate and business services sector was followed by the extractive industry which invested a sum of ₦119.88 billion (or 5.04 per cent of total foreign assets). This was fully accounted for by enterprises operating in the oil & gas sub-sector.

Table 14: Nigeria's Private Foreign Assets by Sector (₦ 'Billion**)**

Sector	2011 (1)	2010 (2)	% Change Btw (1) & (2)	% Sectoral Share in (1)	% Sectoral Share in (2)
Agriculture, Hunting, Forestry and Fishing	-	-	-	-	-
Financing, Insurance, Real Estate & Business Services	2,250.16	2,378.53	-5.40	94.66	95.14
Extractive	*119.88*	*113.39*	5.72	5.04	4.54
Construction	*0.43*	*0.10*	318.76	0.02	0.00
Manufacturing	6.22	5.82	6.77	0.26	0.23
Transport, Storage and Communication	0.14	0.14	-	0.01	0.01
Wholesale and Retail Trade, Catering and Accomodation	0.21	2.16	-90.52	0.01	0.09
Global Total	**2,377.03**	**2,500.14**	**-4.92**		

Three sectors of the economy invested more outside the country in 2011 compared with 2010. These were; extractive with an increase of 5.72 per cent, construction (318.76 per cent) and manufacturing (6.77 per cent). However, outward capital flows from financing, insurance, real estate & business services sector and wholesale & retail trade, catering & accommodation services fell by 5.40 and 90.52 per cent, respectively.

4.5 Impact of Free Zone Policy

Enterprises in the Free Trade Zones (FTZs) in the country attracted basically FDI in line with expectations by the policy framework. About 11.34 per cent of total capital inflows to the country as at end-2011 went to the free trade zones (Table 15). This was lower than the total stock of inward capital into the zone as at end-2010. However, total FDI to the zones grew from its level in the previous year to N1, 443.26 billion at end-2011.

Table 15: Distribution of Inward Capital Flow to FTZs (₦ 'Billion)

Sector	Total		FDI		FPI		OCF	
	2011	2010	2011	2010	2011	2010	2011	2010
Extractive	14.81	1,395.32	14.81	12.99	-	621.06	-	761.27
Construction	120.25	85.96	120.26	85.96	-	-	-	-
Manufacturing	725.56	718.73	725.56	461.38	-	-	-	257.36
Transport, Storage and Communication	23.12	-	23.12	-	-	-	-	-
Wholesale and Retail Trade, Catering and Accomodation	559.51	591.12	559.51	591.12	-	-	-	-
Total Free Zone	**1,443.25**	**2,791.13**	**1,443.26**	**1,151.45**	**-**	**621.06**	**-**	**1,018.63**
Total Inward	12,729.69	11,681.32	9,515.34	8,108.99	1,318.48	1,907.69	1,895.87	1,664.64
Free Zone as % of Total Inward	**11.34**	**23.89**	**15.17**	**14.20**	**-**	**32.56**	**-**	**61.19**

5.0 Summary and Conclusion

This results of the 2011 SOFAL were presented in this report. Survey returns showed that total inward investments to Nigeria grew by about 9.0 per cent from its level in 2010 to ₦12, 729.69 billion in 2011. However, the stock of outward investments stood at ₦2, 377.03 billion, representing a decline of 4.9 per cent below its level in 2010. The stock of inward investments attracted by the free economic zones stood at ₦1, 443.26 billion representing a decrease of 48.3 per cent as compared to ₦2, 791.14 billion recorded in 2010, even though there is growth recorded in FDI component.

The increased inward investment recorded in 2011 was largely attributable to the 198.7 per cent growth in investments from Africa. Also, investments to Nigeria from Asia and North America grew by 10.3 and 6.4 per cent, respectively. In terms of sectoral distribution of inward investment, the extractive industry of the Nigerian economy remained the preferred sector of foreign investors as it received about 49.4 per cent of the total. This was followed by the manufacturing sector, which received 29.1 per cent.

It is hoped that the findings presented in this report will influence Nigeria's bilateral trade and investment policies with a view to further encouraging foreign capital inflows for improved economic performance. Domestic investment policies need to be backed up with solid infrastructural base in order for the country to continue to sustain inward capital flows, especially to the manufacturing sector.

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