



# BUDGETING FOR INDUSTRY & EMPLOYMENT IN KANO STATE

**BEING A PRESENTATION BY**

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# KANO STATE

Created in 1967, Kano has a population of around 12 million people involved in commerce, subsistence agriculture, tanning, textile, plastics and foot wears manufacture etc. With insurgency and internal migration from the north-east, the figure is likely to be higher.

Kano is the second largest industrial center in Nigeria after Lagos. It is the commercial and investment hub of northern Nigeria and third largest non- oil & gas economy in Nigeria, with a GDP of approximately US\$12 billion.

With up to 70% of the population engaged directly or indirectly, informal sector is strong and diverse, with numerous MSMEs across all economic activities, and contributing approximately 60-70% of output and employment.

The inhabitants are Hausas and Fulanis.



# Hausa & Fulani people of Kano





# Demography

	Kano	National
Size km <sup>2</sup>	20,131	924,232
Population	11,179,667	170 million
Ages 0-14	5,399,779	68 million
Ages 15-64	5,578,654	95 million
Ages 65+	212,414	7 million

- Pop living below \$1.25 PPP per day 70% 68%
- Annual rate of growth averaged 3% (1991-2006) and 4% (2006-2010). Projections are that Kano will be a mega city with more than 15 million inhabitants by 2020-
- The State population is almost equally divided between males (51%) and females (49%) and is predominantly youthful.
- 50% of the population is economically active within the 15-64 year-age bracket.
- The active youth within the 15-39 years age bracket constitute 38% of the State population, while 47% is within the 5-24 year-age bracket. There are nearly 2million women in the critical child bearing age [20-44 year] bracket.
- Urban population has been growing rapidly since the creation of the state in 1967.



# Climate and Topography



**The** state lies at a mean height of about 472.45m above sea level.

The temperature of Kano usually ranges between a maximum of 33.0 degrees centigrade and a minimum of 15.80 degrees centigrade although sometimes during the Harmatan, it falls to as low as 10 degrees centigrade.

The state has two seasonal periods, which consist of four to five months of wet season and a long dry season lasting from October to April.

The movement of the South West maritime air masses originating from the Atlantic Ocean influences the wet season which starts from May and ends in September.



# Kano Economy...

From the late 1990s, commercial activities in Kano became challenged by a combination of negative factors such as failing electricity, poor infrastructure, mismanaged economy, unemployment leading to deterioration in the quality of lives of the population, restiveness amongst the youth and eventually insurgency .

**Industrial production and sustained private sector growth became severely constrained by this unfavorable investment climate.**

The manufacturing sector was badly hit by external forces.

Today, approximately 70% of the State's medium and large-scale manufacturing establishments are non-operational, while the rest have shrunk considerably, operating at less than 40% capacity.

Nearly 40% of closed textile firms in Nigeria are in Kano.

Kano once dubbed: Nigeria's most celebrated textile exporter is now more appropriately Nigeria's-and perhaps Africa's-most celebrated textile importer.

## **Investment Climate**

Nigeria became one of the least competitive economies in the world and performs poorly in terms of the key indicators of 'Ease of Doing Business'. Kano not only shares common business constraints across the country but is also acutely affected by them.



# Economy...

Industries have been faced with inadequate infrastructure , high cost of production, high cost of funding and limited access to finance have severely affected economic activities.

Import liberalization policies, smuggling of and counterfeiting etc. have led to the proliferation of sub-standard goods and the crowding out of indigenous business men in merchandizing.

Power supply is perhaps the most critical constraint and the deficit in the power sector has led to the high cost of doing business, loss of competitiveness & business failures.

The current demand for power in Kano State stands at approximately 500MW. The average daily dispatch is much lower at between 80-100MW, leaving a huge power supply gap of over 400MW.



# Issues and Challenges

The key challenges for the state are to reverse de-industrialization and improve competitiveness of firms in key sectors of the economy i.e in attracting new investments in agriculture, manufacturing and even solid minerals.

The agriculture sector's potentials are under-utilized and its capacity to support a modern economy severely constrained. For example, less than 30% of the available irrigable space is being utilized.

Production remains labor intensive and largely at subsistence level. Farm holdings are small and fragmented

Lack of adequate enlightenment and availability of information to members of the business community on new business opportunities, modern business techniques and investment opportunities.





## Issues and Challenges Cont...

With the collapse of the industries comes in the emergence of a huge and diverse SME sector with between 875,000 and 1.6 million businesses spread across the State and economic sectors.

- The informal SME sector in Kano as in other parts of Nigeria remains a safety net for millions of the country's poor men and women who lack the skills and education to venture into modern formal job market or the resources to set up and grow their enterprises.
- Tourism and hospitality are considered the fastest growing human endeavor with high potential for job creation for the skilled, semi-skilled and unskilled labor force. Presently it contributes over 50% of jobs created in the services sector.



# 2016 budget....

To attract investment, halt de-industrialization and create employment, the 2016 budget was structured to address the challenges highlighted in the few slides above. It has a size of N274,329,787,410 (USD1,371,648,937.05) with favorable sharing ratio of 70:30 between capital and recurrent expenditure.

Sectors with the highest budgetary allocations are:

- ❖ Infrastructure, Education, Health, Water resources/rural development & agriculture



# Infrastructure

- Infrastructure plays a strategic role in enabling and promoting economic activity across the economy and in the delivery of key social services including health and education.
- In spite of the significant rise in the level of investment, infrastructural facilities remain deficient and cannot meet the immediate and future needs of the economy and the trend needs to be reversed.
- In particular, Kano ought to have efficient, qualitative and reliable infrastructure for it to maintain and enhance its status as a leading commercial and industrial center in Nigeria.
- Many of the existing facilities are overstretched, unreliable and in a state of general disrepair, with extremely high cost of services.



# Infrastructure

Thus, infrastructure has the highest allocation of N105,696,272,393.00 (USD 528,481,361.96).

- The fund is to complete independent hydro power project and evacuation of the 35 mw power
- Construct/rehabilitate new urban & rural roads.
- Construct bridges, erosion control, rehabilitate/overhaul equipment/plants, drainages
- Street lightings, procurement of power generating sets.
- Review state masterplan that expired since 1983.
- Commence work on the urban mass transit and light rail.
- Construct of Lay byes, bus shelters, motor parks
- Promote housing development through public – private sector participation in mass housing schemes for the poor.
- Fund land compensation.
- Construction/equipping of skills acquisition center for 22 different vocations



# Independent Power Project Under Construction





# Road, underpass, bridge & street lights





# Education...

With second highest allocation of N54,637,875,017(USD273,189,375) the government seeks to intervene in basic, secondary & tertiary educational sector to

- Construct 2720 classrooms for conventional/quranic primary/secondary schools & toilet facilities, teachers' houses, provision of laboratories/science equipment,
- Rehabilitation of existing 420 classrooms & 120 toilets
- Constructions of additional primary/secondary schools and rehabilitation of existing ones.
- Provision of school furniture/computer desktops.
- Establishment of ICT park, procurement of text books.



# Classrooms, boreholes, toilets







# Boys in a classroom



Cross Section Of Male Students In The Classroom  
In Governors College



# Improved quality of food in boarding primary & secondary schools

1

Meet the immediate food needs of children;

2

Alleviate short-term hunger and improve learning capacity;

3

Increase access to education (i.e. enrollment, attendance, retention and completion);



4

Reduce gender and social inequalities;

5

Improve health and nutrition status;

6

Increase development opportunities.



# Education...

For the tertiary institutions, the budget seeks to address:

- Construction of additional hostels, lecture theatres, office blocks, hostels, entrepreneurship center, vocational workshop, laboratories & equipping of same
- Procurement of power generating sets.
- Accreditation program in the universities
- Construction and furnishing of e-library, staff quarters, rehabilitation of other libraries
- Completion of North West University.



# North-West University Senate building





# Completion of Main Library at Kano State University of Science and Technology Wudil





# Health

N27,008,588,066 (USD135,042,940)

- Constructions/rehabilitations of primary & secondary health facilities.
- Establishment of State contributory health care agency
- Completion of pediatric hospital and general hospital commenced by the last two administrations.
- Provision of medical/specialized equipment, laboratories consumables & procurement of power generating plants
- Provision of counterpart funding for drugs (ARV), polio eradication, malaria campaign, program on nutrition, cancer awareness/screening program
- Support to human reproductive health program, tuberculosis & leprosy control program
- Provision of blood transfusion services



With the support of Bill/Melinda Gates, Dangote, Unicef & Kano State, there has been over year without a case of Polio





# Tricycle ambulances







# Water resources rural development

N15,956,644,010 (USD79,783,220)

- Rehabilitation of existing dams, purchase of treatment chemicals & pumps. Purchase/rehabilitation of drilling rigs.
- Procurement of power generating sets
- Provision for counterpart funding for EU assisted project on bore holes
- Funding for laying water pipes from water treatment plants to consumers.
- Rehabilitation of equipment at water treatment plants. Construction of manual, mechanized solar bore holes.
- Purchase and installation of high lift pumps and raw water pumps including filter media.
- Construction/rehabilitation of feeder roads, electrification of towns/villages. Purchase of transformers.
- Expansion of existing Regional Water Supply Schemes in order to cope with the increasing demand of portable drinking water in the rural areas.



## Water resources and rural development...

- Through public – private partnership our medium and small dams will be utilized for full commercial irrigation and electricity generation.



# Agriculture...

N10,243,066,937 (USD51,215,334)

- Rehabilitation & development of irrigation scheme
- Establishment of artificial insemination center.
- Provision of tractors to farmers at an arrangement of 30:70 (farmer : gov)
- Resuscitation of State owned fertilizer blending plant (KASCO) for commercial production.
- Establishment of an abattoir for hygienic/halal meat production.
- Setting up of ultra-modern abattoir for healthy halal meat
- Fund set aside for agricultural micro-credit on lending to small-medium scale agri businesses.
- Fund set aside intervention for wheat & rice farmers



# Dangote tomato paste factory





# How do we hope to fund the budget?

To achieve the budget despite dwindling oil revenue and drastic reduction in monthly federal allocation, the government chooses to focus on:

- Blocking leakages and wastage of public funds through strict fiscal discipline.
- boosting our IGR by:
  - Overhauling & restructuring the Board of Internal revenue. (DFID supported).
  - Recruited young/vibrant professionals through competitive and transparent process.
  - Engaged services of technical advisers to support BIR.
  - Computerizing the BIR



# Investment Policy (private sector investment)

To reverse the de-industrialization, the government seeks to create favorable investment policies that will attract the right investment.

- Kano State Government is working improvement in necessary structures that will facilitate sustainable growth of agricultural, industrial, commercial businesses and investments.
- Sponsoring bills where necessary to ensure an enabling environment ie KIPA supported by (DFID), NHIS, Public Procurement act, KASMA, KAMATA (NIAF)
- Promoted growth of structured, vibrant and efficient MSME sector that will generate self-employment, create wealth and make significant contribution to capital formation, domestic savings, skill acquisition and sustainable economic development of the State, north and the country in general.



## Investment Policy (private sector investment) cont...

- Enhanced collaboration with the organized private sector, Federal implementing agencies and development partners and improve SMEs access to:
  - Requisite information and business development services to enhance the capacity of the sector.
  - Funding and financial services by resuscitating the State Credit Schemes ( lending of N2.0bn to SME)
  - Create greater awareness of access to national incentives, concessional loan facilities and special funds. ( About to disburse N1.billion CACS).
  - Facilitate the setting up of additional micro-enterprises.



## Investment Promotion and Facilitation (including investment incentives and SME development)



- The State strives to create conducive environment to attract investment mainly through collaborating with the federal government to strengthen security of lives and properties.
- Kano State established a strong and effective collaboration mechanism with Federal Government Institutions such as the NIPC, NEPZA, BOI, SMEDAN, on matters of coordination.
- Kano State government mandates its institutions such as the Ministry of Commerce Industry Cooperative & Tourism to project investment opportunity in the State and promote favorable environment for investment in the state usually on ad hoc basis.
- Government media also play a vital role by providing opportunity for government agencies to promote Kano State to potential investors.





## Investment Promotion and Facilitation (including investment incentives and SME development) Cont...

- Kano State Government and the Chamber of Commerce organize international trade fair annually to expose investment opportunities in the State;
  - It convenes economic summits and round tables from time to time;
  - Attends national and international trade fairs,
  - Organize economic summit with the Niger Republic
- It provides guidance to potential investors on establishing businesses, registration requirement, background information about particular industry, sources of raw materials, provision of free feasibility study.
- Arrangement has reached an advance stage to establish one stop shop for investors to meet up national registration requirements at the Ministry of Commerce, Industries, Cooperatives and Tourism.



## Investment Promotion and Facilitation (including investment incentives and SME development) Cont...

- Kano State offers access to various attractive incentives for Investors to take advantage of import concessions, tax exemption for exported products, tax reductions for qualifying companies [i.e. pioneer companies, manufacturing companies] and tax deductions for research and development expenses.
- Approval for passing of Public Procurement bill into law and assenting by His Excellency.
- Other Investment incentives introduced include:
  - Pioneer Status Tax Holiday,
  - Tax relief for Research and Development,
  - Capital allowances,
  - Unconditional transferability of funds,
  - Remittance of proceeds [net of all taxes] in the event of sale or liquidation of the enterprise,
  - Total repatriation of capital should the investor choose to relocate elsewhere,
  - Investment Protection Assurance,
  - Investment Promotion and Protection Agreements IPPA



## Access to justice (dispute resolution)

- Introduction of policy is to foster the development of a settled, functional and efficient criminal justice system as well as improve court efficiency, especially in settlement of commercial disputes through: computerization and automation, procedural reforms, alternative dispute resolution and establishment of Small Claims Court.
- The general law of the federation governs the system and the existing court system takes care of the resolution of commercial disputes, which often takes four weeks or two to three years to resolve depending on the complexity of the case and the procedure adopted.
- The laws provide for protection of investors, termination of contract or payment of damages as the case may be.
- The State Judiciary has designated three courts to handle commercial dispute cases with a view to improve justice delivery.



## Access to Justice (dispute resolution) Cont...

- To fast-track court cases, courts have also been established in the last two years to handle mainly commercial cases although there is lack of awareness of its existence among the business community.
- Community Mediation Centres being supported by Justice-for-all programme (DFID) also provide alternative means of settlement of disputes between parties who voluntarily agree to mediation. Three centres have been created in Kabuga in the Metropolis and in Bichi and Takai in the respective Local Governments.



## Access to justice (dispute resolution) Cont...

- The Kano Multi-door Court House (KMDCH) also established with the support of DFID is set to handle commercial disputes.
- Improvement in capacity of Kano State Judiciary through regular trainings and re-trainings of personnel and relevant stakeholders in the justice sector.
- Improving the condition under which judges operate in the state in order to fight corruptive tendencies. Welfare of judges and their independence is guaranteed.
- We have commenced discussions with USAID/INL on the area of further reform of judiciary



## Access to Land

- The land use act also recognizes private ownership of land throughout the country on the basis of lease for 99 years for residential land and 40 years for commercial/ industrial land.
- Land can be acquired through conversion or private layout development as well as through direct purchase from landholder or through a broker or real estate agent. In all cases the transaction must be submitted to the Ministry of Land for approval of the transaction and issuance of Certificate of Occupancy or Title to the land.
- The Land Use Act of the country represents the key legislation, which regulates land administration and management. The same applies to Kano state where every due process on land must be consistent with the provisions of the Act.
- To consolidate on the reform, Kano State has also established the Kano Geographic Information System (KANGIS)



## Access to Land Cont...

- Kano Urban Planning and Development Agency (KNUPDA) is responsible for issuance of permit for land development in Kano. Processing of permit is based on approved procedure contained in the **Building regulation edict, 1988**.
- A Public Complaint and Anti-corruption Commission has been established by the Kano State Government to receive and resolve all kinds of complaint including land disputes.
- Reliable land titling and property registration offer a form of collateral that investors can use to improve access to credit and retain ownership of landed properties.
- A well-defined and secure land access and ownership, including effective registration, are important pre-requisite for a healthy investment environment.



# Conclusion

*Today Nigeria is under going a formidable and realistic change with assumption of leadership by committed and patriotic men and women therefore change is more than possible.*





**Thank you for Your attention**

