

Enabling a more productive Nigeria – IHS sponsors Economist Intelligence Unit Report to better understand Nigerian SMEs

- **Nigeria is the largest economy in Africa and SMEs constitute over 90% of businesses**
- **While Nigeria’s GDP is the largest in Africa, Lagos is only the 10th fastest growing city**
- **Although the economy has grown by 7% over the past decade, the poverty rate has declined just 2% between 2009 and 2012**
- **To reduce poverty, job creation is essential and empowering SMEs will be a vital part of this process**

3 June 2015; Lagos, Nigeria: IHS Towers (“IHS”), the largest mobile telecommunications infrastructure provider in Europe, Africa and the Middle East, has sponsored a report by the Economist Intelligence Unit, titled *“Enabling a more productive Nigeria: Powering SMEs”*. The report launched today, to coincide with the World Economic Forum on Africa, sets out the factors that empower small and medium enterprises (‘SMEs’) and looks to identify both what is driving growth as well as the issues that are holding them back.

Issam Darwish, Executive Vice Chairman and IHS Towers Group CEO, said:

“Many of us are invested in Nigeria’s future prosperity, yet little is known about the universe of Nigerian SMEs and the entrepreneurs behind them, particularly the obstacles and enablers of their growth.

This report recognizes the efforts of government institutions in supporting SMEs but also importantly shines a light on the innovative thinking embedded in this vital part of Nigeria’s economy. It helps us all to understand what can be done to support their growth and drive their productivity.

The importance of mobile telecommunications and its role as a leapfrog technology is readily apparent from this study, affirming our belief that an enhanced mobile network materially contributes to the growth of both urban and rural businesses, with the potential to reduce societal inequality. For example, a way to lessen the urban-rural digital divide is to deepen the application of mobile to agriculture, the sector in which the majority of Nigeria's rural dwellers work. Combined with improved mobile networks in rural regions, the penetration of ICT across wider geographies will significantly support favourable income distribution trends throughout the continent.

For IHS this report is fundamental to our business. Our belief is that the future economic and social development of Africa will be accelerated exponentially by mobile connectivity, and our team of over 2,000 engineers in five countries is focused on making this happen. We are committed to developing the communities we serve, and to help people and businesses across the region build a powerful, prosperous future.”

The report published today, looks at SME productivity across five categories – policy, transport, technology, energy and finance, combining SME interviews from across the country, with expert insights.

The findings suggest that Nigeria's government has supported SMEs by reducing the costs of registering a business and through the launch of SME-targeted funds. However, further attention should be given to the tax system - Nigerian SMEs are subject to complex and overlapping rules which need to be streamlined and simplified. In addition, import and customs charges are often unpredictable and costly, placing an additional burden on businesses, with no recourse available through official channels.

On infrastructure, the report explores how SMEs are being affected by mobile networks, transport and power deficits. While transport projects and power privatisation are underway, these will take time to deliver benefits. In the interim, SMEs are adopting innovative technologies – from solar panels to cloud computing. ICTs in particular are being used for remote work, mobile marketing and new product development such as apps and mobile



services. The next technology productivity boost will come from strengthening ICT network quality across Nigeria's territory.

Lastly, access to finance is a long-standing problem for SMEs, who rely on angel investors, personal networks, or savings. To increase financial access, SMEs need to strengthen accountancy practices and corporate structures. The report recommends banks hire more SME business experts, as they are frequently missing opportunities to participate in home-grown success stories.

The report is available on our website www.ihstowers.com.

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About The Economist Intelligence Unit

The Economist Intelligence Unit is the world leader in global business intelligence. It is the business-to-business arm of The Economist Group, which publishes The Economist newspaper. The Economist Intelligence Unit helps executives make better decisions by providing timely, reliable and impartial analysis on worldwide market trends and business strategies. More information can be found at www.eiu.com or www.twitter.com/theEIU.

About IHS Towers

IHS Towers is the largest mobile telecommunications infrastructure provider in Africa. Founded in 2001, IHS provides services across the full tower value chain – colocation on owned towers, deployment and managed services. IHS Towers has operations in Nigeria, Cameroon, Côte d'Ivoire, Zambia and Rwanda. Following the recent acquisitions of MTN and Etisalat's tower portfolios in Nigeria, IHS will own over 22,000 towers in Africa. For more information, visit: www.ihstowers.com

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