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MASTER'S QUALIFICATION WORK ON

Development of investment policy for stimulating a company`s economic activity using MTN Group Nigeria as a Case Study

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INTRODUCTION

Nigeria has the largest economy in Africa with a total GDP of $432.3 billion. The country has been able to achieve this feat largely due to the investment policy put in place to attract Foreign Direct Investment (FDI) into the country over the years by successive governments.

Nigeria is Africa's largest and the 6th world largest producer of Crude Oil and historically, Foreign Direct Investment has been mainly directed at this industry and outside the oil sector, Investment has been low.

This has largely been due to the previous policy adopted long before the Year 1995 known as the Nigerian Enterprises Promotion Decree also called the 'Indigenization Policy' which limited and restricted Investment in other sectors of the economy.

The idea behind the Nigerian Enterprises Promotion Decree (NEPD) was for the following reasons

– To effect the changes in the ownership structure of businesses in the country of Nigeria

– To provide opportunity for indigenous capital to have a major control of the economy of the day.

– To restrict the economic activities of foreign companies to certain areas and allow those firms to add Nigerians as partners.

During this period , about 1,100 companies or more were affected, some companies had to transfer their equities through private placement while others listed on the stock exchange. A total of 81 companies listed shares on the stock exchange worth a total value of 210 million naira while majority offered the shares through private placement.

The decree was however repealed in the year 1995 with the promulgation and announcement of the Nigerian Investment Promotion Act, which birth the Foreign Direct Investment Policy in Nigeria, the subject of which this thesis is based on.

The Subject of the research is the development of Foreign Direct Investment as an Investment Policy to develop the Economy of Nigeria as a country.

The object of this research is MTN group Nigeria which is a foremost South African Telecommunication company operating in Nigeria.

The tasks of this work will therefore include the under listed Tasks

– To determine the investment policy Framework and its evolution in Nigeria that brought about economic growth of the country

– To determine the various types of regulatory policies that guide investment in Nigeria

– To establish the various theories that proof the relationship between Foreign Direct Investment Policy and Economic growth of a country.

– To analyse extensively using formulas the relationship between Foreign Direct Investment and Telecommunication growth in Nigeria

– To analyse the growth of MTN Nigeria (the object of this thesis) and its overall economic contribution to Nigeria as a country

– To determine the competitive benefits of digital Foreign Direct Investment on the Nigerian Economy

The major and concluding tasks will be to establish the analytical relationship between Foreign Direct investment and growth of a company in Nigeria concerning the MTN group using Analytical and statistical methods.

Methodology. For the purpose of this thesis the data collected and used were obtained mainly from the secondary sources and these include the following underlisted

- The Central Bank of Nigeria (CBN)- From its statistical bulletin
- National Communication Commission Data base
- Pyramid Research Data base
- Newspapers & Journals
- Quarterly Report of MTN Group of companies

- United Nations Conference On Trade and Development
- Investment Policy Review Of Nigeria- United Nations, New York and Geneva, 2009
- UNCTAD Reports prepared by Rory Allan, Stephen Young, Massimo Meloni and Nana Adu Ampofo, Geneva 2008
- UNCTAD, FDI/TNC database, World Bank)Doing Business 2007 & 2008).
- World Development Indicators and Global Development Finance. UNDP Human Development Report 2007/2008.

ABBREVIATIONS USED IN THE THESIS

ADF	Augmented Dickey Fuller Test
CAC	Corporate Affairs Commission Of Nigeria
CAM Act	Companies and Allied Matters Act
CBN	Central Bank Of Nigeria
ECM	Error Correction Model
EPZ	Export Processing Zone
EVP	Employee Value Proposition
FDI	Foreign Direct Investment
FOREX	Foreign Exchange
GDP	Gross Domestic Product
ICT	Information & Communication Technology
IDCC	Industrial Development Coordinating Committee
ISA	Investment & Security Act
NCC	Nigeria Communication Commission
NEPD	Nigeria Establishment Promotion Decree
NET	Nigeria External Telecommunication
NIPC	Nigeria Investment Promotion Act
NITEL	Nigeria Telecommunication Limited
NOTAP Act	National Office For Technology Acquisition and Promotion Act
OLS	Ordinary Least Squares
PP	Phillips Perron
PSB	Payment Service Bank
ROI	Return on Investment
SSA	Sub-Saharan Africa
SEC	Security and Exchange Commission
UNCTAD	United Nations Convention On Trade and Development

CHAPTER 1. THE EVOLUTION OF THE INVESTMENT POLICIES IN THE NIGERIA CONTEXT

1.1 The Evolution of The Investment Policies in the Nigeria Context

Before the law that establishes the Foreign Direct investment policy in Nigeria in the year 1995, there used to be another law that prevented the smooth runnings of investments from foreign entities in Nigeria and this was the Nigerian Enterprise promotion Decree also known as the Indigenization Policy.

At its inception, The Indigenization policy was meant to allow protection of the assets of indigenous Nigerian companies from competition and the threats the foreign companies posed to these infant companies. This therefore in a way limited the flow of Foreign Direct Investment into Nigeria since there was a law that prohibited such.

Before the Nigeria's independence from the British colonization in the year 1960, Nigerian businesspersons and entrepreneurs sought for the safety of the indigenous capital from being overtaken by foreign Investments and companies. As a small independent country then with many things at stake, I assume it was simply the right thing to do then. These businesspersons really wanted to reduce expatriate quota, which ended in what would later be called the 'Nigerianization' of the expatriate organizations in Nigeria. This led to many Foreign investors being scared away thereby reducing the amount of Foreign Direct Investment entering the country. (www.cia.gov,2011)

The Indigenization policy started out in the year 1972 with the 'Nigerian Establishments Promotion Decree (NEPD)'. This decree simply imposed a lot of regulations at the Foreign Direct Investment (FDI) access. As a result of this, approximately 22 distinct enterprise activities were exclusively reserved as a right for Nigerians and this included the ones in gaming, advertising, electronics, production, Shipping and the likes. (UNCTAD Report, Nigeria Investment Report December 2008). Foreign investment in Nigeria became only approved up to 60% ownership and provided that the proposed employer had based totally on the 1972 information, share capital of N200,000 which is equivalent to todays $300,000 and a turnover of N500,000 that is valued to todays $760,000. (Ogunkola and Jerome,2006)

After this decree turned into law, a second of its type, dubbed 'A 2nd indigenization', the Nigerian enterprises promotion Decree of 1977, tightened regulations at the access of FDI into the country.

Foreign Direct Investment in Nigeria has been quite unreliable since this time. According to UNCTAD, between the year 1963 and the year 1972, about 63% of the total capital in Nigeria was in the hands of foreigners as Foreign capitals.(Biersteker, 1987). Immediately after the civil war in the country was when the continuous elimination of the dominance of foreign capitals in the form of ownership, management as well as technical control inorder to further assist indigenous investors and entrepreneurs.

However, by the year 1989, there started to be a relaxation of this Indigenization policy because it was too restrictive and the country was not getting the much desired investments it needed from outside the country.

A much more favourable policy which was the foreign Direct investment policy was then made by the Nigerian government at the beginning of the year 1995 and this become the saving grace for the Nigerian financial system which was already at the helm of collapse due to funds shortage. This was to be later known as the Nigerian Investment Promotion Act OF THE YEAR 1995 which simply provided the pattern and lay out for the Nigerian Investment Policy. This Act allows the complete foreign ownership (100%) of all national assets apart from Oil and gas.

Foreign Direct Investment Policy has shown to be a better path of investment in the Nigerian economy compared to the previous Indigenization policy which the previous Nigerian government put in place as a form of Protectionism.

An Overview of Investment Policy Framework in Nigeria

The laws governing foreign Direct investment in Nigeria are in most cases regulated by means of the following;

- Investment Law,
- The forex Exchange Law,
- Company Law,
- Technology Transfer Law as well as
- Sector-Specific Law

FDI Law and Regulation in Nigeria

The main and principal laws governing Foreign Direct Investment in Nigeria are the

1. The Nigerian investment promotion Act of 1995 (NIPC) and this was designed for the promotion and overseeing of Foreign Direct Investment participation in Nigeria and

2. The forex Act (monitoring and Miscellaneous Provisions) of 1995 abbreviated as FEMMP Act which governs and directs the inflow and outflow of Foreign capital to the country. According to this act, a foreign investor can make investments of his capital in any corporation or securities with foreign money or capital that is imported into Nigeria through a licensed supplier, for example, a bank with license.

There are different associated laws that govern or at least affect foreign Direct investment in Nigeria (FDI) and these are

1. Companies and Allied Matters Act (CAM Act): This regulates the established order and the operations of commercial enterprise and company entities through foreign investors in Nigeria. It also establishes the arm of government regulating company and Allied matters growth in Nigeria known as the Corporate Affairs Commission of Nigeria (CAC) liable for the registration of all corporate entities in Nigeria

2. National Office for Technology Acquisition and Promotion Act (NOTAP Act): This is specially responsible for the registration of agreements referring to the transfer and acquisition of foreign technology and technical knowhow into Nigeria.

Sector focused laws are also applicable to Foreign Direct investment in Nigeria. These are legal guidelines particularly designed to guide the operations of certain industries like the manufacturing or the hold businesses. For example, the economic zone operates below a very strictly regulated law that publications the modus operandi in Nigeria. Additionally as every other example, the private guard agencies operate under the Act CAP p30 lfn 2004 and this law unambiguously states that non-public guard companies can be fully owned by using Nigerians and no longer via foreigners

Foreign Direct Investment in Nigeria and the Globalization effect

It is a known fact that globalization is a major force behind the spurring growth of Foreign Direct investment to many nations of the world, Nigeria not being an exception. According to the United Nations convention On Trade and Development (UNCTAD), Foreign Direct investment across the globe has jumped from about $50 billion in the year 1982 to approximately $1,271 billion within the year 2000 (18 years duration).

Also, there has been a huge increase in FDI since the year 1995 with over 700% increase in the Foreign Direct Investment injection of capital into the country. According to UNCTAD, FDI injection into the country increased from about $200 million in the year 1970 to close to $500 million in the year 1975.

Over the course of the last decade, Nigeria as a country has received the largest amount of Foreign Direct Investment injection to the tune of $1.2 billion in the year 2001 to more than $2 billion in the year 2004. In the year 2009, it even increased this amount to about $11 billion and this made Nigeria to be the 19th largest recipient of FDI in the world with about 30% of Africa's FDI injection in Nigeria and this was mainly due to the attractiveness of the oil industry. (Business, Trade and Investment Guide, 2010/2011).

The growth of FDI in the country from the third qurter of 2019 to the second quarter of 2021 is summarily represented by the Figure 1.1 below. Growth within the international FDI and this is mainly attributed to the contributing factor of globalization wave impact.

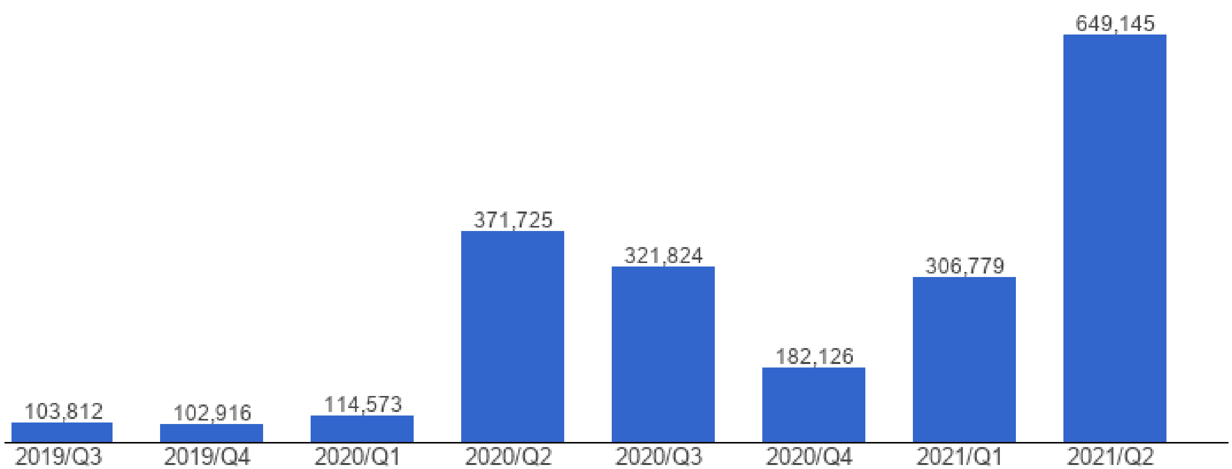

Figure 1.1.

Explanation: The Figure 1.1. above summarizes the growth in FDI in Nigeria from the 3rd quarter of the year 2019 to the Second quarter of the year 2021

FDI Inflow in Nigeria as compared to the rest of African countries

Although, just few countries of the world have been really successful in attracting a considerable FDI flows over the years, Africa as a whole – sub-Saharan Africa (SSA) in particular – has particularly benefited from the FDI increase.

Sine the year 1970, Foreign Direct Investment (FDI) inflows into Africa have improved drastically from an annual average of about $1.9 billion in 1983- 87 to $3.1 billion in the years 1992-1998 and $4.6 billion in the year 1991- 1997. As of the year 2021, Nigeria alone attracted more than $400 million as FDI into its economy and this is due mostly to favourable policies put in place by government in Nigeria and other African countries to further gain investors confidence thereby increasing FDI injections in these countries. Such favourable policies include those that favour infrastructural development, laws that allow foreign ownership of assets in the country (especially in Nigeria as discussed in this thesis), Stabilization of Foreign Exchange, Improving internal security and the other associated or related factors.

Since the year1970, FDI inflows into Africa have improved most effective modestly, from an annual average of about US$1.9 billion in 1983–87 to US$3.1 billion in 1998–1992 and US$4.6 billion in 1991–1997.

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Figure 1.2. The growth of FDI in Nigeria from the year 1970 - 2008

Source: UNCTAD, 2015

It needs to be stated that Nigeria's share of FDI inflow to Africa averaged around 10% from 24.19% in 1990 to as low as 5.88% in 2001 after which as much as 11.65% in 2002. UNCTAD (2003) confirmed Nigeria became the continent's second top FDI recipient after Angola in 2001 and 2002.

The Figure 1.3 above suggests the growth of Foreign Direct Investment to the Nigerian financial system since the year 1970 up until the year 2006 when the increase spiked owing specially to the impact of globalization.

Furthermore, from the Figure 1.3 below, it is clearly shown that Nigeria nonetheless leads in phrases of FDI inflow among other West African countries to the tune of approximately $3.5 billion in the year 2018, only closely followed through Ghana

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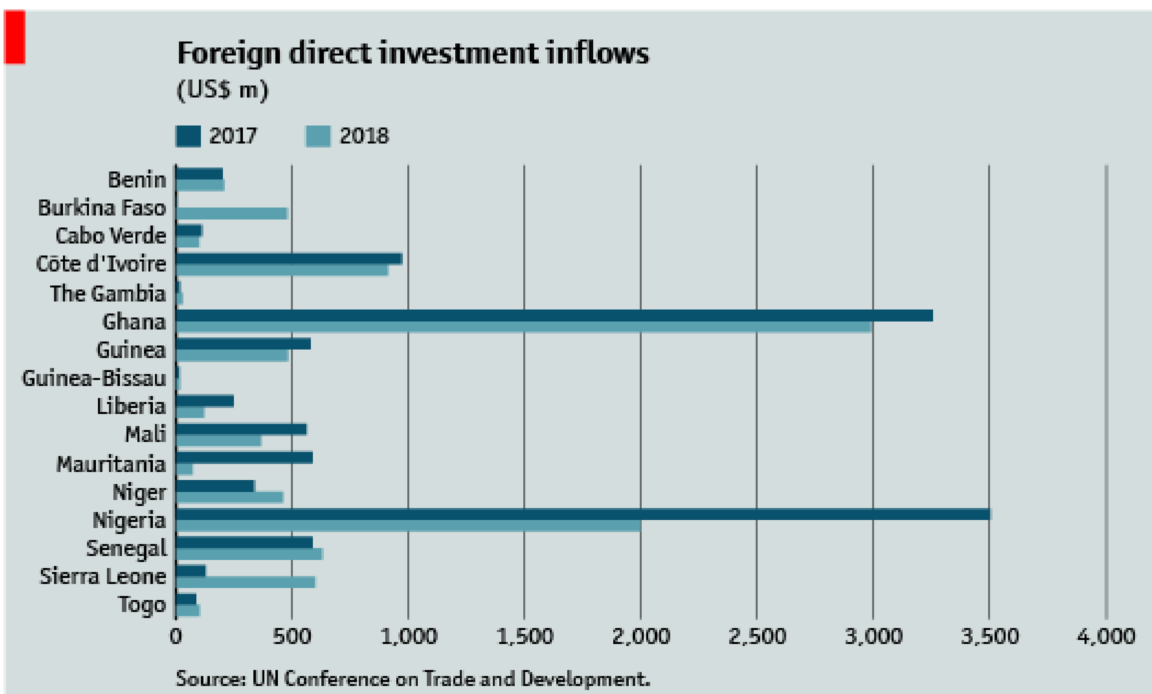
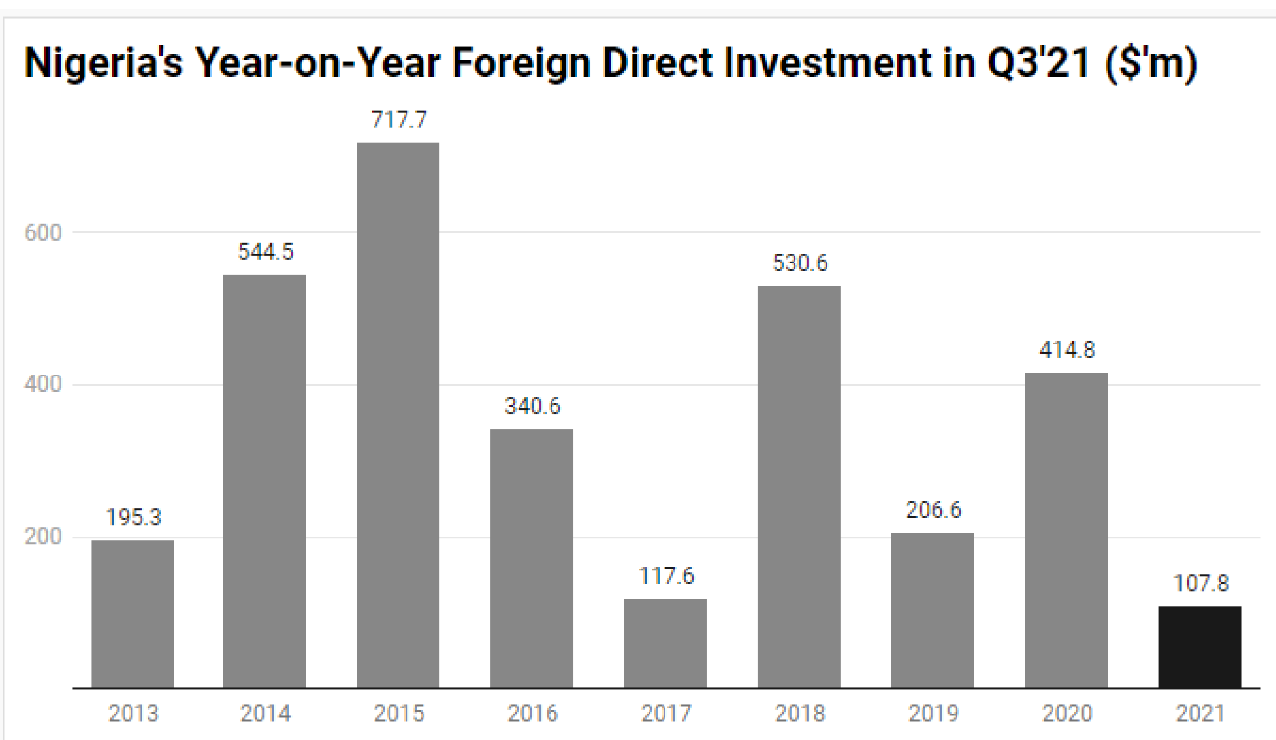


Figure 1.3. Shows the Foreign Direct Investment inflows in West African Countries between the year 2017- 2018

Nigeria’s FDI slumps to eight year low last year and the causes

FDI in Nigeria has plunged to a 8-year low in the second quarter of last year by about 74% and this is said to be the lowest in the least in the last 8 years. It reduced from about $ 400, million in the last quarter of the year 2020 to just about $100 million (National Bureau of Statitistics, 2013 FDI report in Nigeria). The following factors are said to be responsible for that:

- Rising Insecurity in the country
- Foreign Exchange Volatility
- Harsh business environment due to the bad infrastructure in place
- Above all, the COVID-19 lock down also played a big factor in all of these



Nigeria’s Foreign Direct Investment (FDI) plunged by 74.01 percent year-on-year in the third quarter of 2021

Fig 1.4. Nigeria's FDI reduced from $414.8 in the quarter of year 2020 to just about $107 million in the quarter of the year 2021 due to a number of factors as explained above.

Foreign Investment

Investment Policy

An Investment policy summarily describes the different ways and guidelines for the government of any country to invest government funds or other funds the government acquires whether through borrowings or even Foreign Investment (In the case of this thesis) and identifies the investment objectives, the risk involved, the associated difficulty for the investment portfolio as well as the management and monitoring of the investment programme.

1.2 Regulatory Framework of Foreign Investment in Nigeria

What are the legal guidelines regulating Foreign funding in Nigeria. As part of the research in this master thesis, numerous laws, guidelines and rules guiding Foreign Investment in Nigeria has been analysed and they consist of the following underlisted

- The Companies and Allied Matters Act: This law regulates the formation and subsequent operations of any corporate entity in Nigeria. No foreign organisation is allowed by law to operate any commercial activity of sort within the jurisdiction of Nigeria except it's well registered and recognized by this very law.
- Nigerian Investment Promotion Commission (NIPC) Act: This commission is the only one liable for attracting and permitting the participation of foreigners in any business organisations within the federal republic of Nigeria. The MTN organization of corporations, (the object for this thesis) changed into guided by this very act as at the

time of its inception of commercial enterprise sports in Nigeria. immediately after incorporation, any Foreign investor is required through this law to register with NIPC

- Tax Act; The corporations profits Tax Act, non-public income Tax Act, cost delivered Tax Act, Stamp duties Act, Capital gains Act, Petroleum profit Act and all others of such which might be issued via the appropriate Tax authority.
- Investment & Securities Act (ISA): This particular one strengthens the Securities and Exchange Commission in Nigeria (SEC) by way of offering it with the law of investment and securities inside Nigeria as a country.
- Immigration Act: This Act serves to adjust and at the same time control the general movement of foreigners leaving and coming into Nigeria as a country as well as their employments
- National Office For technology Acquisition and Promotion (NOTAP) Act: This Act is that which regulates the registration of contracts in addition to agreements that need to do with the transfer of foreign technology as well as the acquisition of it.
- FOREX (tracking and Miscellaneous Provisions): it's also referred to as the FEMMA Act and it is the sole rule for foreign exchange transactions all over Nigeria
- Some different Sector-Specific laws: Examples of this consist of the Nigerian Communications Commission Act and policies, The Nigerian Broadcasting commission Act, The Pensions Reform Act and the guidelines and pointers issued via the relevant regulator

Investment Policy and Promotion

The productive private sector is a vital component of any developing country, Nigeria not being an exception. Attracting Foreign Direct Investment in any country will surely help the countrys economic growth. FDI brings about Investment, job creation, increase in exports value, supply chain spillovers as well as the new technology offshoot that comes with it.

According the the World Bank Group, To get the full benefits of FDI, a country should be well-prepared and ready to provide a clear and effective implementation of investment strategies and policies.

Figure 1.5

Investment Strategy

1. **Developing an Investment roadmap or strategy requires the following**

- A good analysis as well as a logical framework that puts into account the amount as well as the quality of FDI that's injected into a country and the surrounding policy that's needed to maximize this
- Priorities needed inorder to design an investment policy and reform agendas inorder to attract, facilitate , retain and get the best of the spillover effect of FDI in the host economy.

2. **Improving the effectiveness of policies that attract and allow for FDI Injection**
   - This is by allowing for a promotion of investment capacity which includes competitive proposition for aiding investment in important sectors and capacity building for outreach facilitation
   - By helping countries to reform their investment entry period which can be done through the implementation of a non-discrimaory treatment of investors by reducing the sectoral restrictions and the performance which are required to achieve the developmental objectives

3. **Promotion of good practices in the effectiveness of investment Incentives**

   This is by helping countries to address how incentives contribute to the Foreign Direct Investment injection in any country as well as when there are policy objectives like employment generation, gender empowerment and other sustainable developmental programmes

4. **Prevention of Investor/ State disputes by the establishment of investor grievance mechanisms**

This is done by promoting best practices in resolving important key regulatory implementation issues through the management of investment disputes for the purpose of retention and expansion.

5. **Maximization of Linkages and Positive Spillover Effects of FDI on the host economy**

This is by developing a strategic action plan for FDI linkages inorder to remove any policy that might be considered distortive and connect with local firms and further attract foreign suppliers.

6. **Strengthening Investor Confidence inorder to retain and further expand FDI**

   This is by upgrading every legal and regulatory pathways inorder to reduce the political risk involved in FDI

   Designing and implementing investor aftercare programs which allow for the retention and expansion of FDI while at the same time strengthening links with investors.

   (World Bank Group Report – Investment Policy and Promotion, 8 June, 2021).

Foreign Direct Investment (FDI)

A Foreign Direct Investment is an investment in the form of a controlling ownership in a business in one country by another entity outside the shores of the country at stake or where the investment is taking place.

FDI is an integral part of an international economic system which is a major catalyst for the economic development of any nation. However, it needs to be stated that these benefits are not automatic as the right policies need to be on ground for FDI to achieve its maximal benefit of growing and developing any country's economic output.

The Challenge is usually the host country which needs to address a transparent, broad and effective policy in place for the investment to be a sustainable one.

FDI sources are mostly from rich Organizationa For Economic Co-operation and Development Countries (OECD Countries) and the recipients are usually developing countries like Nigeria which is what this thesis is all about.

Types of Foreign Direct Investment

It needs to be stated that companies make FDI in several ways and this includes by buying the assets of a foreign company, investing in the company or in new properties, products and equipments or even by engaging in a joint partnership with a foreign company usually involving a technological know how. FDI itself is a long term strategy and companies do not usually expect an immediate return on investment.

A country's Foreign Direct Investment can be of two types;

It could be either Inward or Outward.

Inward FDI- This refers to the type of FDI that comes into a country

Outward FD—Refers to the type of FDI that are made by companies from the country into another foreign company in another different country entirely.

Usually, government of any country would readily want to make its country an attractive destination for FDI by cultivating an enabling climate and environment. The government wants to do this so that it can address the local political as well as economic concerns.

International companies however are interested in further advancing their cause and using FDI to expand globally.

Here are some of the factors that influence a Company's Decision to invest in any country

- Cost: Any company would first consider the cost involved. It would want to know if it is cheaper to produce in the local market or other places.
- Logistics : The company wants to know the process involved in getting their products or services to the end users. Factors like ease of transportation and convenience of doing so are usually top priorities here
- Market: The company wants to be sure if it has identified any significant local market

- Natural Resources: The company wants to be sure if it has a need for access local resources of the host country
- Technological Know-How: This is in essence how a company assesses its preparedness in terms of access to the technology on ground in the host economy. It wants to know if it can make use of the local technology and know-how or it would need to bring its own
- Customers and Competitors: Companies want to know what chances they have in terms of businesses struggling for the same customers with them and how they can stand out of the perks
- Ease of Setting Up: Companies want to know the ease of setting up their businesses whether it is straightforward to invest in that country or easier and more convenient to set up in another country entirely.
- Culture: A country's adopted culture is an important factot any company would want to consider before venturing into the murky waters of investment in another country. It wants to be sure about the available work force, the mentality, language, work ethics, beliefs and the willingness and openness to more training.
- Impact: A company wants to know the overall impact of its decision to invest in another country. It wants to know how the investment affect its companys revenue and profitability both in the short term and also in the long term.
- Expatriation Funds: This is a very important factor that any company would want to consider before investing outside its comfort zone. It wants to know if there are any restrictive policies in place in the local economy that prevent the movement of capital outside the country. It wants to know about the Foreign Exchange laws and how it can easily convert its profit to a foreign or international currency
- Investment Policy: Last and most importantly, Companies want to know whether there are favourable laws, policies in place in the local economy that would allow

them do their business without any restriction, and if there are any, how the policies are being constantly developed to facilitate their existence and profitability in the country. This is the subject of this thesis

Forms of Foreign Direct Investment

There are two different forms of FDI- The Horizontal and Vertical Forms

Horizontal FDI- This occurs when a company tries to open an entirely new market as an example, a retailer that wants to build a machine in another country with the aim of selling in the local market where it belongs

Vertical FDI- This occurs when a company invests its capital internationally inorder to provide input to its major operations and this is usually in its own home country. A firm for instance can invest in the production sector of another country and when the company brings the goods back to its own home country then it is referred to as Vertical FDI. In the case whereby the company sells the goods in the local economy such that it acts as a distributor then this is known as Forward Vertical FDI. Great global companies often engage in both the backward and forward FDI and MTN Company which is the object of this thesis is not an exception.

Kinds of Foreign Direct Investment

There are also different Kinds of FDI and two of them include the following

- Greenfield FDIs- This occurs when Multinational companies invest in a country to build factories or physical stores. These facilities are built from the scratch and they are built where none of such ever existed before then. It derives its name, Greenfield from the word Green which means virgin or never used. Apart from building and construction of new facilities, the company also tries to create sustaining long-term jobs in the foreign company and it does this by employing new set of workers. In this case, countries usually offer such companies Tax breaks and subsidies inorder to retain such companies in the local economy.

- Brownfield FDIs – This occurs when government of any nation leases an already existing production facility on ground so as to produce or engage in a new productive activity. This is often applicable whereby a commercial site previously used for a polluting or environmentally degrading business purpose such as oil refinery or coal mining is cleaned up and then used for a more environmentally-friendly and cleaner purpose such as electric cars or office space. The Brownfield investment is usually not as expensive as the previous one which is the Greenfield FDI.

Why and How Governments Encourage Foreign Direct Investments

Usually, any government would readily embrace FDI inorder to grow the economy by creating jobs and increasing the technical know-how. Ian Bremmer, The end of the free market: Who wins the war between States and Corporations (New York: Portfolio,2010).

Some countries like Hong Kong and Singapore some years ago realized the importance of FDI in the growth and development it brings to their countries and the attendant increase in the way and standard of living of its citizens. Hong Kong therefore developed and impoved the aforementioned factors inorder to attract FDI injection into its economy with the attendant result of becoming one of the easiest places on earth to set up a company. Singapore in the same vein also provided a favourable investment climate to foreign companies and these all made them the investor delights.

Some countries however believed otherwise by restricting FDI into their countries with negative attendant results. Many Asian countries for example Pakistan and Indonesia at one point or the other restricted and controlled FDI in their countries. Nigeria also did the same with several negative consequences as will be further highlighted in this thesis. By the year 1990, many Asian countries like China and India have adopted a different policy towards liberalizing FDI into their economies and they were well rewarded in terms of economic growth and boom that these countries withness even till date. (United Nations Conference On Trade and Development UNCTAD February 16, 2011).

How Governments Discourage or Restrict FDI

Usually, governments do this for Protectionism sake. It wants to limit or control FDI inorder to protect the local industries and firms and in some cases where there are important national assets such as Oil and mineral, the government seeks to further preserve these industries from being over taken by powerful external forces. It gives justifications for doing these which includes reasons such as

- The need to protect the local and national culture and way of lives of its citizens
- The need to protect some particular segment of the domestic population
- The need to maintain both political as well as economical independence so as to manage and control its economy without any external threat

Policies Used by Government to further Discourage FDI

Governments of the world usually use different policies and laws to further limit or restrict FDI and these include the followings below

- Ownership Restrictions: The government of the host economy may suppress FDI by dictating the terms and conditions of ownership or even the restriction of ownership in its entirety. An example of such practice can be seen in Malaysia whereby ownership of properties in the country can only be by a person of Malay origin locally known as ‘Bumiputra’. This practice is however being relaxed as it is seen to be inhibitory towards the expansion of FDI in the country.

- Tax Rates and Sanctions: Sanctions or embargos can be given by a companys home government so as to restrict the company from any further investment outside the shores of its country or tax rates in which case the companies are encouraged to invest in the local economy instead of taking the investments abroad.

How Governments Encourage FDI

Government normally promotes FDI whenever there is a need to grow its local economy and attract new technologies as well as new investments into the country. It does this by:

- Financial Incentives: Government of host countries usually does this by offering companies different tax incentives as well as loans and investment in an effort to promote FDI. An example of this is the rising case of China and Chinese increasing FDI in the African continent and in Nigeria in particular.
- Infrastructure: A smart way of attracting FDI to any country is to improve and build on the existing infrastructure of the country. This includes infrastructural development of the transportation system in terms of building roads and rail ways, Telecommunication lines as will be further discussed in this thesis and energy.
- Administrative Processes and the regulatory Environment: The Government of the Host economy does this be reducing unnecessary red tapes and bureaucracies in getting businesses set up. When this is done, the country will be more attractive to FDI Investors.
- Investment in Education: It needs to be stated that technological know-how is required for FDI to find its root and bring about an economical growth. An educated and skilled work force is therefore needed to bring about the productive force in place.

- Political, Economic and Legal Stability: Usually, the government of the host economy will want to reassure the business community that all is well and that there is no threat whatsoever to their capitals. Transparent policies are needed to bring this to bare otherwise investors will not be convinced to inject their capitals into such an economy without stability or transparency.

  Nigeria as a country (Used in this Thesis) has faced years of political instability as well as Non-transparency with the rife in corruption that is endemic within the political class.

Politicization of FDI Policy in Nigeria

Over the years, successive Nigeria governments have regarded FDI as a tool for both political and monetary tool and so the thrust of presidency's policy via the Nigeria Enterprise Promotion Decree (NEPD) (indigenization policy) changed into regulation as opposed to the initial purpose of its creation which was to promote Foreign Direct Investment to the country. The NEPD came into conception in the year 1972 and the concept behind its formation was the restriction of Foreign Equity Participation in sectors which includes production/Manufacturing and business sectors to about 60%.

In 1977 a 2nd indigenization decree was promulgated and this was in addition to restricting foreign equity participation in Nigeria commercial enterprise to 40%. Hence, between the year 1972 and 1995 authentic coverage towards FDI turned into restrictive.

As an end result, the regulatory environment discouraged Foreign participation which caused a mean flow of just 0.79% of GDP from 1973 to 1988. The adoption of the structural adjustment programme (SAP) in 1986 initiated the manner of termination of the adverse policies toward FDI. A brand new industrial coverage was added in 1989 with the debt to fairness conversion scheme as an aspect of portfolio funding. The Industrial Development Coordinating Committee (IDCC) changed into hooked up in

1988 as a one-step employer for facilitating and attracting foreign funding glide. This changed into followed in 1995 by the repeal of the Nigeria organizations merchandising Decree and its alternative with the Nigerian Investment Promotion commission Decree 16 of 1995. The NIPC absorbed and changed the IDCC and furnished for a foreign investor to installation a business in Nigerian with 100% possession. Upon provision of applicable documents, NIPC will approve the software within 14 days (in preference to 4 weeks beneath IDCC) or recommend the applicant in any other case. moreover, in consonance with the NIPC decree, the forex (tracking and Miscellaneous Provision) Decree 17 of 1995 changed into promulgated to allow foreigners to spend money on employer in Nigeria or in money market contraptions (As in advance said in chapter 1) with foreign capital this is legally introduced into the country. The decree allows free law of dividends accruing from such investment or of capital in event of sale or liquidation. An export processing quarter (EPZ) scheme followed in 1999 permits interested humans to installation industries and organizations inside demarcated zones, especially with the objective of exporting the products and services synthetic or produced inside the quarter.

In summary, the polices launched into by using the Nigerian government to attract foreign investors due to the creation of the SAP might be classified into 5 developmental levels

1. The established order of the Industrial Development Coordinating Committee (IDCC)
2. The investment incentive strategy
3. Non-oil export stimulation and expansion
4. Privatization and commercialization programme
5. finally, the shift in macroeconomic control in favour of industrialization, deregulation and market-based arrangements.

Sectoral analysis of FDI inflow in Nigeria

It is important to state categorically that Agriculture, Transport & communications, as well as the building and construction industry remain the least attractive sectors of Nigeria's economy to FDI.

If the report from the privatization programme (CBN 2004: 72) is some thing to reference, then the delivery and conversation quarter seem to have succeeded in attracting the overwhelming interest of Foreign Investors, most especially in the telecommunication sector which is the subject of this thesis.

Over the time, there are a few degree of diversification of the FDI into different sectors of the economy along with the manufacturing area in recent years. However, Foreign direct investment in Nigeria has majorly been extra sided to the extractive industry like Crude Oil which Nigeria ranks as the 7th largest producer globally.

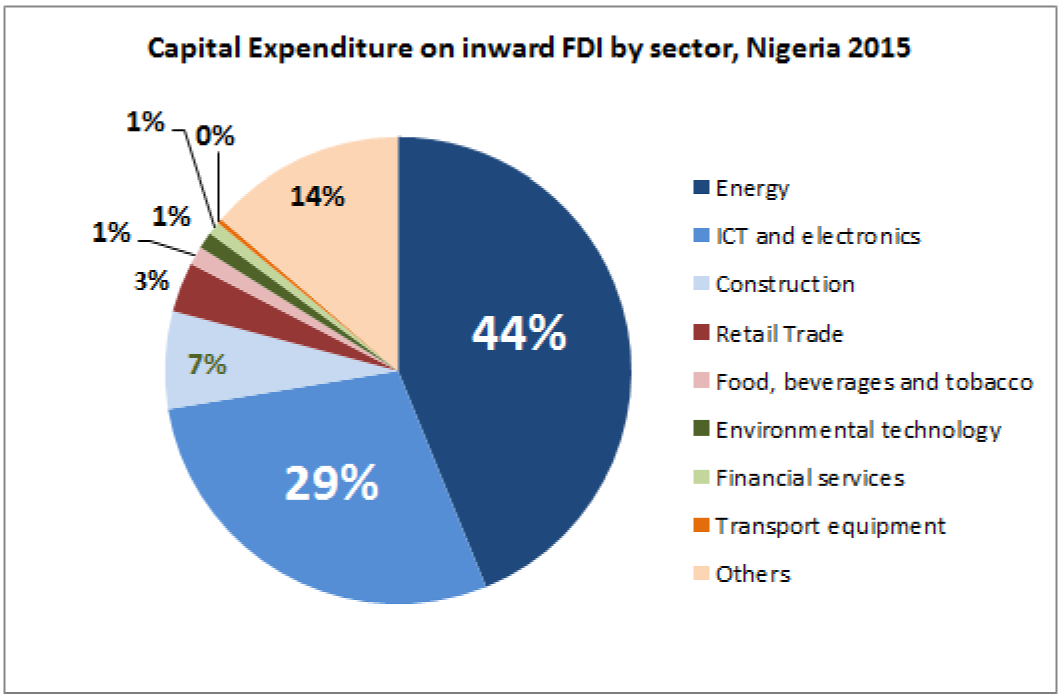


Figure 1.6: Sectoral representation of FDI inflow in different sector of the Nigeria's economy

Source: (UNCTAD 2015)

Explanation- Shows the sectoral diversification of FDI into the different sectors of Nigeria's economy in that year in the Mid 2000s.

1.3 Theories relating to Foreign Direct Investment and Economic Growth- The Nexus

We begin by using reviewing theories that establish the relationship between Foreign Direct investment and the increase of Telecommunication sector like MTN Nigeria and the economic development of Nigeria at large.

The Neoclassical Growth Theory- The Harrod-Domar Growth Model

This theory was postulated by both Harrod in the year 1939 and Domar in the year 1946 and called Harrod Domar Growth Model which actually attributes any significant economic growth and development to investments and in this case we talk about Foreign Direct investment. (Harrod, Roy F. (1939). "An Essay in Dynamic Theory)

Investments create earning (The demand effect of Investment) thereby increasing the productive capacity of the economy by way of increasing its capital stock (The supply effect/impact of investment.

The theory in addition states that for any country to preserve a full employment equilibrium level of earnings yearly then it's very important that both the actual/real income and output should continuously increase and this can only happen if capital is injected into the economy.

The Neoclassical Growth Theory: The Solow Growth Model

This model in addition expanded the Harrod-Domar Model which emphasized on the importance of savings, investment and capital accumulation. This theory further adds Labour, capital and Technology to what the Neoclassical Theory proposes. It states that economies will similarly reach a point whereby any increase of capital in the economic system will not in any way be commensurate with an economic growth. Its primarily based on the diminishing returns of capital that at a point the economic system will reach the constant/steady state. This model further states that any country can overcome this by means of constant innovation and coming up with new technology which may eventually lead to a better economic growth. Figure 1.6 below similarly explains this in pictorial form as GDP can be seen as a dependent of savings and investment, labour and technological improvement. The key development policy implications of this model is that economic growth measured through GDP may be because of the following factors

- Increase in labour quality and quantity
- Increase in capital (Saving & funding)
- Increase in space of technological development

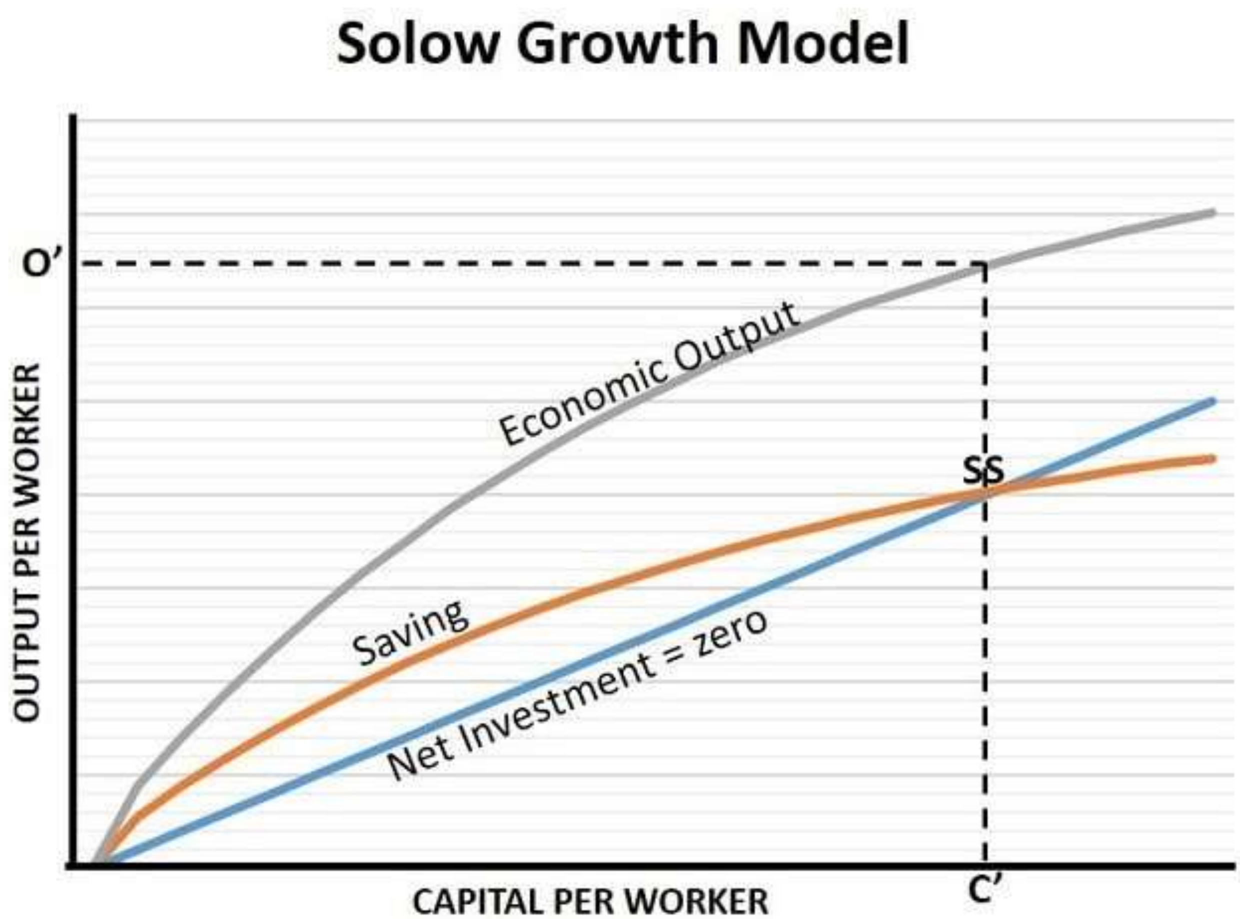


Figure 1.7: The Neoclassical Growth Theory: The Solow Growth Model

Source: Researchgate.net

Ordinary, it states that a closed economic system grows a whole lot slower than an open economy that allows influx of Foreign Direct Investment and in this case of Nigeria opening up the country to a flow of FDI ought to increase the GDP and bring about general economic development of the country.

The Big Push and the Schumpeterian Growth Model

That is exceptional from the early suggestions and propositions of the Neoclassical Growth Theory. The theory proposes that there's a need for nations to leap from one degree of development to the other through a sort of virtuous cycle. To achieve this, massive investments within the infrastructure and education could be required. This funding may be inside the shape of foreign Direct Investment that's the subject of this thesis.

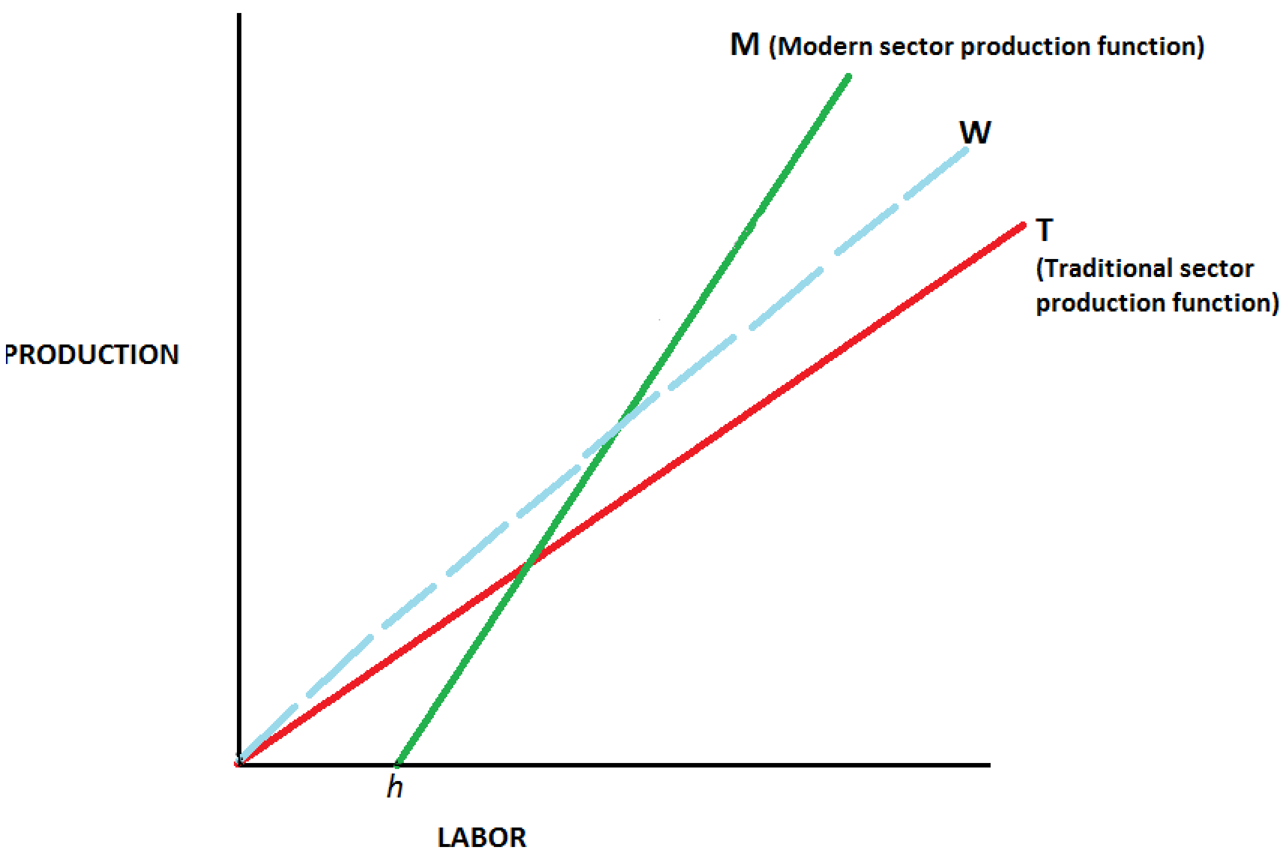


Figure 1.8: **The Big Push and the Schumpeterian Growth Model**

Source: Researchgate.net

The Schumpeterian growth model therefore sees growth as a method of innovative destruction, that captures the dual nature of technological progress. Inorder to reap this, they make old technologies or products obsolete..

Theories on Telecommunication-Economic Growth Nexus

There are two different ideas or beliefs that explain the existing relationship between Telecommunication and Economic growth. They're the

- Technophiles and
- Technophobic.

As for the Technophiles, telecommunication has a positive effect on growth. The idea here is that Information and Telecommunication (ICT) has the capacity to increase the productivity of an economic system by enhancing employment and improving the quality of work in many occupation. It additionally assumes that the Telecoms industry, (in this situation MTN Nigeria) will offer many possibilities and structures for the boom of small scale and independent forms of manufacturing.

The Technophobias have an alternative view on this believing that the telecommunication has a negative effect on the economic growth of any nation and might even altogether increase the information gap that exists between the rich and the poor, the literate and the illiterate.

However, there is an opposite view as to the positive impact of the relationship between FDI and economic growth. Some school of thoughts assume that the transformative nature of ICT on the society and economic growth and development is more of an exaggeration. This sees FDI inflow into any economy further destroying more jobs than it ever created. In accordance with Van Dijk (1999), this can even further widen the gap between the rich and the poor.

The next chapter of the thesis will be used in analyzing and deducing the relationship between Foreign Direct Investment and the Economic development of any Nation and in this case using MTN Nigeria as a case study

CHAPTER 2. ANALYSIS OF THE RELATIONSHIP BETWEEN FDI AND TELECOMMUNICATION GROWTH IN NIGERIA

2.1. FDI and Nigeria’s Economic Growth; Telecommunications regulation in Nigeria

An Overview of the Telecommunication Industry in Nigeria

The current pace at which our world operates means no nation of the world can exist without the other. There has never been a need for more connectivity and interdependence among the comity of nations than now. In reality, the pandemic the world witnessed in the better part of year 2020 and 2021 has made it clearer than ever before that we are more related than we could ever imagine.

As a result of this, as globalization flourishes, so does communication. Communication has however been part of us as humans. The potential to communicate over a broader distance has in itself in a way introduced about boom and improvement in different business.

At the time of Nigeria’s independence in the 1960, the Nigerian Post and Telecommunications (P& T) which was owned by the Government of Nigeria itself were completely controlling the Nigerian telecommunication industry. As time went on in the year 1980, the Nigerian External Telecommunications (NET) was established inorder to offer the external communications services that was much needed then.

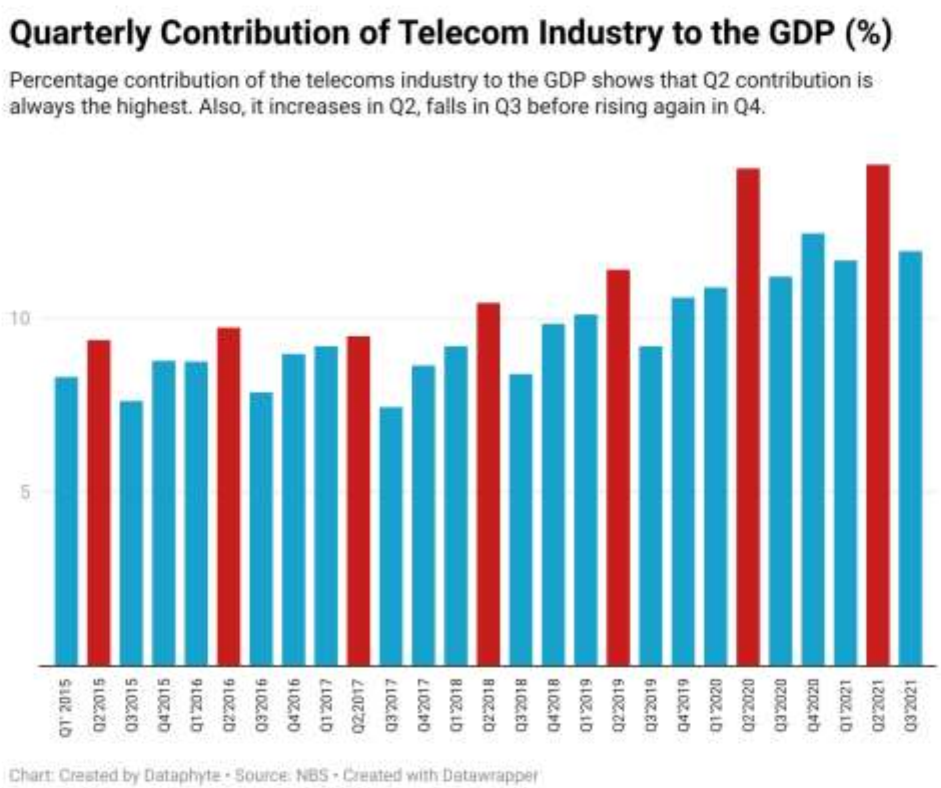
Subsequently, in the year 1985 because of the repeated calls for the commercialization of telecommunication services in Nigeria, the government of the day initiated the merger of internet with the Telecommunications arm of P& T to form what's now to be called the Nigerian Telecommunications Limited (NITEL) which is the umbrella government body regulating using cellular telephony in Nigeria.

The Nigerian cellphone system was very unreliable, pricey and consumer unfriendly. The idea behind organising NITEL changed into therefore to result in performance to the mess within the enterprise. however, quite lamentably, NITEL couldn't gain this cause although it assist the Monopoly of the Telecommunication area for quite a long term in the course of this era.

It was not an unusual incidence to see long queues of Nigerians expecting their turns to make calls on the telephone cubicles during this hay days of NITEL holding sway of the telecommunication sector in Nigeria.

Table 1.1.

Quarterly contribution of the Telecommunication Industry to Real GDP in Nigeria (Year 2015 – 2021)



The table 2.1

Source: Nigeria Communication Commission (NCC), 2020

Figure 1.1: Percentage contribution of the Telecommunication Industry the Nigeria's GDP from the year 2012-2020

It is important to state here that at the time of Independence, Nigeria had just about 18,724 cellphone lines. As at the year 2001 when the telecommunication industry changed into a deregulated industry and groups like MTN got here on board, NITEL nonetheless couldn't enlarge its ability for more than a meagre 700,000 lines which was like a drop of water in an ocean considering the number of potential subscribers in Nigeria then. This of course restricted accessibility to connectivity as this become the times earlier than the advent of net and so made it tough for the humans it became purported to serve; the Nigerian human beings.

In this early days of cell phone communications in Nigeria, only the wealthy Nigerians had access to cell phones because of the associated cost of owning one. Over time, this changed, but before it did, Nigerians had very little choice as for a better service because NITEL basically operated a Monopoly in the telecommunication industry in Nigeria.

1992	► The Enactment of Nigerian Communication Act (NCA) establishing the NCC to regulate the telecom Industry ► NITEL: Monopoly of telecom services in Nigeria 1 telephone to 440 people
1993	► NCC Inaugurated: Starts issuing licences for various services including provision of payphone services, community telephone services.
2000	► National Telecoms Policy –*short & medium term objectives to promote ICT*
2001	► DML auction-licences granted at US$285 million each to MTN and Econet now (Airtel); M-Tel/NITEL's licence reserved. GSM services start in August 2001-MTN 1stNetwork to launch
2002	► SNO carrier licence 'auction' –Globacom granted licence at US$200 million ► Long distance carrier licence –NEPSKOM & MTS 1stWireless ► Regional Fixed Wireless Access Licences auction, awarded 50 licences
2003	► NCA 2003 passed into law (amending 1992 Act), privatization process of NITEL commenced
2006	► End of DML 'exclusivity' period; introduction of Unified Licensing Regime
2006-2022	► Convergence of technologies, 3G, 3.5G

Table 1.2: Emergence of NITEL from 1992 to the present year of 2022 as the principal regulator of the Telecommunication industry in Nigeria

In the year of 1992, a decree was promulgated by the Nigerian Government which allowed private sector participation in the telecommunication industry thereby increasing the telecommunication facilities in Nigeria and giving respite to the consumers .

This started by the privatization of NITEL whereby it became publicly-owned in contrast to the way it was earlier fully owned by the Nigerian government. shortly after, the Nigerian conversation fee (NCC) turned into later installed with the mandate of issuing private groups Licenses in order for them to participate within the deregulation of the Telecommunication enterprise by means of the Nigerian government for the duration of this time.

Foreign Direct Investment (FDI) to the rescue

With the FDI policy in place as at this time, the Nigeria telecommunication sector experienced an astronomical growth and it became capable of progress due to the fact that there has been a boom in healthy competition amongst the different players within the industry. This naturally brought about price automatically crashing and the resulting effect was that of massive employment possibilities as many private telecommunication groups emerged that wanted to increase their presence in terms of increasing their branches Unemployment in Nigeria. The index of Human capital development increased during this time in Nigeria.

This also enabled indigenous telecommunication corporations to prosper thereby enhancing Nigeria’s GDP and additionally nearby contents due to this policy put in region with the aid of the authorities, organizations like MTN group (the object of this master Thesis) may want to take a sizable part of the marketplace and ultimately become a big player inside the enterprise.

2.2 Analysis of MTN Growth in Nigeria, its business model and its Economic contribution

Overview of MTN Group's Business in Nigeria G LTE capacity and coverage

MTN Nigeria is a telecommunication enterprise in Nigeria offering mobile communication services for the past 18 years and has improved on its products, services as well as technology services. It offers a kind of incorporated suite of communications merchandise in addition to services to its numerous customers in Nigeria and this includes mobile voices, information. digital offerings, Fintech and business answers with 3G, 4G as well as its proposed 5G community in Nigeria as well as the African continent at large.

MTN Nigeria is positioned as the network of choice with the widest voice and data network coverage which underpins its brand tagline 'everywhere you go'. The company believes that mobile telecommunication enterprise in Nigeria will continue to grow for awhile due to various factors and this consists of limited fixedline coverage, penetration, a continuously growing youngsters population in Nigeria, a high cost of infrastructure deployment inside the country and presently a quite low mobile penetration which sets the stage for an accelerated mobile penetration in the future.

MTN operates a majorly pre-paid enterprise with approximately 99.2% of its subscribers on a prepaid plans as at December 2021. The company plans to make investments and grow its 4 LTE ability and coverage so that it will provide a better solution to its subscribers and keep helping to grow data traffics with more focus on high-value clients and the youthful population of Nigeria.

The company's spectrum license holding is capable of creating a possibility for it to provide 4G offerings and this makes it well positioned to also provide a 5G service within the long term. MTN Nigeria continues benefitting from the several investments it has made in its network in Nigeria and this consists of improving data network speeds in big Nigerian cities like Lagos, Abuja, Portharcourt and the likes in Nigeria. This has largely led to a better network quality for its numerous customers spread across the country.

According to MTN's subscriber redefinition metric, its active subscribers was 58.2 Million at December 2018 and as on the close of December in year 2021, MTN had an active internet subscriber of about 65 Million Nigerians.

The telecommunication giant employs about 1,698 people as at December 2018 and keeps increasing this number till date. It acknowledges the importance of professional and talented personnel as its staff. As a result of this, it has applied several strategic recruitment and retention initiatives inorder to make sure that it draws and retains talents in its staff pool. This in essence consists of design and the implementation of a Employee Value Proposition (EVP) which encapsulates its brand strength as well as its leadership potential, its investment in staff , diversity as well as its inclusion and worker reward system.

MTN has made a consistent effort to make sure that its EVP is continuously being refreshed with very appealing intitiatives that make MTN Nigeria a 'great place to work' in the genuine sense of it.

- Implementation of a digital hiring process which makes it possible for the organization to attain and entice applicants in dispersed geographical places thereby enhancing its potential to have interaction talents and proficient Nigerians inorder to satisfy up with its recruitment needs
- A constant and continuous cognizance on the enhancement of humans management practices and standards which in a way allows the enterprise attain a gold-level accreditation from 'investors in people' that's simply a united kingdom-primarily based employer which recognizes the power of the companys's people management practice. With a goal and objective of motivating its staff, MTN instituted a voluntary severance programme with the aim of refreshing the organisation with new set of skills

and proficiencies inorder to force innovation and attain its business objectives. As a result of this then, approximately 300 staff of the company have participated voluntarily within the programme.

- Employee share Scheme: MTN gives participation in the MTN Nigeria nation wide programme known as the National Share Options Incentive Scheme (the NSO Scheme) and that is presented to its qualified personnel. This NSO Scheme is a national share incentive scheme that rewards tenure, loyalty, commitment and dedication to the business growth and improvement of the company.

MTN's current and future plan is that the company expects price stability in its voice service in the medium term on account that its contemporary voice rates are already near the voice ground price. In the end within the near term, it expects the voice growth to be a bit limited at the same time as it remains a key contributor to its sales. But, in the long term, its voice revenue in the year 2021 accounted for nearly 80% of its typical sales and it's miles expected to decline as an increasing number of of its customers undertake its facts offerings and this consists of its OTT and Voice-Over IP services. The growing call for information is anticipated to hold on the upward push as operators flow to amplify their network bandwith and the 4G in addition to the following 5G insurance.

Due to the notably low information penetration in Nigeria, MTN believes there's in reality an opportunity to increase statistics uptake appreciably and growth usage over the medium term. MTN consequently objectives to leverage its 4G network facility to offer a dependable as well as a excessive-velocity net services and possibilities for marketplace differentiation thru an stepped forward consumer enjoy in the statistics and virtual phase of its commercial enterprise operations.

MTN is also engaged in an ongoing attempt to offer low-priced smartphones through a strategic partnership programme with OEMs and this consists of with businesses like SAMSUNG, APPLE and TRANSSION. In the month of March 2019, the company released its new SMART function smartphone initiative to bridge the distance between the very expensive mobile telephones and the reasonably-priced smart phones in Nigeria and this become a game changer for the company.

From the company's Social responsibility aspect, MTN has a strong focus on its customer education inorder to drive home the benefits of internet connection for all Nigerians.

Products and Services Offered by MTN

The telecommunication large operates acrossa 6 predominant business service lines or growth curves which include

- Voice
- Data
- Digital
- Financial Technology services
- WholeSale and Enterprise business

MTN's comprehensive Voice services is targeted at its list of subscribers from the very high price to the mass marketplace as well as the youth segment.

Its Voice services include both local and international calls made both within and outside the country.

MTN provides a certainly defined tarrif plans which are geared to the needs of the three key segments

- High value
- Youth segment
- Mass segment

Apart from the person to person Voice call service, it additionally offers the following extra Voice-based services

- Call Forwarding
- Closed user Group (CUG)

- Call me back
- Voicemail
- Conference call service Plans
- prepaid service : This requires the payment of a fee and it includes connection charges in addition to fees for SIM card.

The pay as you go customers in reality are required to pay for a fixed amount of airtime and services and can therefore recharge their accounts each time they run out of airtime. There are different ways through which clients can purchase airtime and this includes through physical distribution (for example via the purchase of vouchers that provide a PIN that the client enters into his or her phone inorder to purchase airtime) and virtual distribution (as an example through his or her MTN account , bank channels in addition to debit playing cards). MTN also frequently offers each SIM card and airtime promotions to its subscribers.

- Postpaid services : As for this service, the customer is billed on a monthly basis and this includes a month-to-month subscription charge that depends mainly on the plan to which the customer subscribes.

MTN gives special incentives as well as gives as a way to allow for smartphone adoption and penetration in Nigeria. This includes data bonus for brand new smartphones users and device financing schemes but without subsidies.

- Data: MTN's data services consist of all data conversation offerings which use its 2G, 3G,4 G in addition to its proposed 5G LTE technology
- Value added services for the mobile Subscribers: MTN's data service provides a focal point on mobile broadband offerings overs its 3G and 4g Networks and this could be bundled with its Voice service offerings. The client can then use cellular broadband either on a pay as you go basis or through a cell records postpaid subscription package. It needs to be emphasised here that information services are a vital part of the company's mobile business and a massive contributor at that. The digitalization

revolution accelerates in Nigeria mostly driven by the use of Video and social media (which make a contribution about 35% of MTN’s data traffic), Messaging service (Contributes approximately 16% of MTN’s data traffic) and the other data usage (This contributes about 50% of MTN’s company data traffic).

MTN’s data strategy is designed to increase the value for an already existing users whilst it encourages its non-data customers to become data customers as well. The business enterprise basically focuses on a method of maximizing its utility for current data users. It does this via imparting a lifestyle bundles, low priced smart featured phones, numerous campaigns and promotions to trigger conversations (this consists of promotions like free data, discounted bundles and the likes) and awareness campaign as well as educating their customers.

MTN offers a targetted, APPs-unique for Youtube or Facebook (they're bundles that allow a client to use discounted datas for such a specific APP just like the YouTube and facebook).

Digital and VAS: MTN gives its users and subscribers with exceptional entertainment, information and life style digital content material solutions. Its digital portfolio includes the following indexed below

- Music
- Video
- Gaming & Infotainment
- Life style based service

Its music service permits its clients to download and stream content material from their mobile devices for a fixed amount of subscription rate. Music is offered usually bundled with mobile data to assure of a good customer music expereince. Customers are therefore able to choose and concentrate from a wide range of musical collections which include each worldwide and local music contents. The MTN Video service allows its subscribers to circulate and download a wide collection of local and international movies and video collections on their mobile gadgets. MTN through its partnership with content owners, offers huge video contents which range from entertainment, documentary, drama and information. These kind of offerings are consequently supported by its 3G and 4G data community which give exciting and a complete satisfaction to its customers. In partnership with its ecosystem partners, the MTN's gaming offerings provide a wealthy array of primary and even top rate varieties of the games. It additionally gives ordinary promotions and application improvement contests which are meant to drive its adoption and penetration.

MTN's infotainment and life offerings consist of these underlisted

- Mobile News
- Sport Betting
- Lottery Services.

These services are delivered through MTN's channel of access consisting of its USSD, SMS, IVR or even the myMTN App.

MTN has current partnerships with different independent developers which consist of key partnership with JUMIA, a leading Africa e-commerce structures which has over 40,000 active merchants in Nigeria on its own and approximately 1.2 billion customers in Africa. MTN's partnership with JUMIA allows for a direct launch and wide distribution of the MTN devices through the JUMIA community of Platform which alows it to also move-sell and move-market exposition of its products.

It has had over 1 billion view of its products on the Jumia Platform alone and well over 200,000 of its SIM cards distributed with the Jumia smartphones.

Additionally, MTN has sold over 10,000 of its device and over 75 million Naira well worth of the MTN airline via the Jumia platform. MTN additionally has partnership with Rocket net which is one of the largest e-trade focused venture capital companies which gives differing types for an efficient processing of customer support requests (e.g call-me-back- requests or the balance enquiries).

Additionally, the Lumos mobile energy service in partnership with MTN offers its subscribers with Solar Panel and allows for payments to be made through the cellular cellphone. The carrier has an approximate wide variety of about a 100,000 subscribers as of December 2021. The company additionally gives the additional services to its customers in Nigeria

- Information and Communications technology (ICT) and Infrastructural Service: MTN is a provider of ICT enterprise services to both its corporate as well as its government clients in Nigeria
- Roaming and Devices: This is the MTN's other business line and it generates revenue by way of providing roaming offerings to different telecommunications and network providers
- Fintech: In the year 2018, MTN's subsidiary company in Nigeria the YDFS got an approval-in-principle from the Central bank of Nigeria (CBN) to perform as an exquisite agent. This approval permits MTN Nigeria through this subsidiary YDFS to build and manage an agent network which could provide Financial Service Product to the many unbanked customers in the rural parts of Nigeria. MTN in collaboration with numerous different banks in Nigeria now offers a number of Digital Financial Services. In the year 2014, MTN partnered with the then Diamond Bank of Nigeria (Now called Access-Diamond) to launch a unique type of savings proposition amongst Nigerians which become known as 'Diamond Y'ello Account'. This unique account was targeted at financially excluded people and the product has obtained a number of awards both in Nigeria and globally. Account holders can surely get right of entry to monetary offerings from their mobile phones and other network marketers. After the release of the 'Payment Service Bank (PSB) guidelines by the CBN, YDFS later applied for a PSB license in an effort so that in the end it will allow it to adopt some certain banking operations in accordance with the relevant CBN guidelines.

- Enterprise and Wholesale Services: MTN as an organization is a provider of both mobile and fixed data connectivity in addition to communique technology solutions to many Cooperation, wholesale, Small and Medium Enterprises in addition to government entities in Nigeria, delivering an end-end solutions and serving as a combined point of entry of contact for all the telecommunication needs. It also offers a full suite of enterprise services and these include corporate data solutions, connectivity, the internet of things, Networking and even cloud computing. MTN leverages its mobile network operations and these offer a modern network connectivity as well as a global long community of infrastructure which includes submarine cables, Fiber network which give connectivity services to its several enterprise customers within Nigeria and globally. In the market it serves, MTN strives to be more than a solution provider in all its business dealings in Nigeria as a country. MTN’s company solutions bring collectively many things beneath one and those consist of technology, solution development, business intelligence and Customer management functions, which enable it to achieve its clients commercial enterprise goals. Infact, MTN is the only Nigerian telecommunication corporation as of now that offers services throughout both the information and telecommunication technology value chain and this allows it to be the favored end-to-end communications solutions company.

MTN Nigeria makes several offers for its corporations and wholesale clients which include the following underlisted

- Enterprise and wholesale plans together with bundles: they're postpaid tariff plans and package offerings designed to the customers needs
- Add-0n offerings: these include tariffs in addition to records plans and the smart devices which further strengthens up the organisation’s services and at the equal time cater to the voice and data needs of its clients
- Fixed Connectivity solutions: This consists of Virtual Protocol Network (VPN), devoted net, LAN, WIFI and E1-PRI

- Cloud and data web hosting offerings: This consists of cloud-based infrastructure , databases and systems
- Mobile advertising: MTN's mobile advertising gives ceratin MT communications channels just and SMS and notifications as well as different channels of digital. Its finished though a strategic analytics. The channels on the identical time are also integrated right into a self-provider platform to make certain clean access and also a more bendy marketing campaign management by SME's, businesses an corporation as well as media businesses. Also, MTN commercial enterprise solutions unit works intently with key corporation customers across its operations and that they act as a consultant in communications for the company and SME clients. MTN's service is designed so as to deepen marketplace get entry to, enhance its productivity, power its operational efficiencies and then to supply a regular first-class of enjoy to its commercial enterprise clients, its goal is to stay as the partner of choice for the delivery of a good and top notch technology answers to the enterprise market it serves
- Operations Pricing & customers: MTN believes it offers the excellent value proposition within the Nigerian Telecommunications market. The major principle of MTN's pricing policy are Simplicity, freedom, Flexibility and ease of communication. Its operational philosophy is primarily based mainly on imparting its clients with a higher network capability as compared to its competitors which include first-class, coverage and ability that is a major factor why its customer base is still the biggest in Nigeria for now.
- MTN offers a high price, mid-market and youth as well as the corporate customers. Its pricing strategy additionally differs for every of the customer segment.
- High value customers which encompass the top 20% of its subscribers. For the high value customers, MTN's priority is on their convenience, the service quality it offers in addition to the personalized offers and bundles to shoot up aggregate amount to spend (and of route consisting of the global roaming). One thing of note is that these

customers are much less price sensitive and rather put more emphasis on the satisfaction they get from their service provider. Customers under this segment also consists of the corporate and the government entities

- MTN's mid-market and youth customers: This offers competitive and a value-based offer with very robust customer engagement. MTN also makes data as an anchor product with its lifestyle and digital service bundle increasing in the order of priority.

- The Mass-market captures all MTN's other customers. The mass customers tend to be more price sensitive than the Company's other customer segments and additionally the more receptive to bonuses and promotional campaigns and gives. For the mass marketplace clients, the intention is usually on voice with bonus-led offerings. Its clients acquisition approach makes usually focus on the compliance with the present regulatory laws and requirements in Nigeria and additionally an incentivized pricing and robust systems which might be all supported by means of a properly-trained group and right governance. Also, MTN's customer relationship platform allows a comprehensive and also an efficient consumer control through a huge information system. It additionally assists with main facts analytics provider to broaden a distinctly centered and personalised offers.

MTN Nigeria runs a revolutionary advertising promoting campaigns which encompass bonuses and bundle alternatives throughout its customer base in Nigeria. It continually reviews its promotional offers inorder to keep engaging its subscribers and make them to purchase more airtime, data or maybe other types of its services that it gives. MTN objectives in its advertising method is to the following demographic sector: High-value, Mid-marketplace and youth and the Mass marketplace marketing a few sure offerings to unique demographics e.g Song and Video services to the mid-market and young section. MTN believes it is able to meaningfully hook up with its several customers through engaging as well as thematic advertising contents which purpose is to build a deep and emotional connections by way of focusing at the applicable topics of own family, lady empowerment, religion and football. It additionally engages with the network through its campaign of giving back to the society where it operates through the MTN foundation and its season of surprises giveaways to the people of Nigeria and those encompass giveaways like a free Toll gate get entry to in primary towns like Abuja and Lagos, bus and teach tickets and grocery store vouchers. The advertising campaigns are transmitted through radio and different digital media and the social media as well.

Additionally, MTN employs strategic advertising and marketing especially in terms of the mass marketplace that requires a targeted approach. It believes that its advertising and customer support projects have resulted in an effective market perception.

- Voice and Data Technology: The mobile network of MTN Nigeria's uses 2G, 3G and the 4G LTE technology. Its 2G technology has enabled it to provide users voice services, SMS, MMS, VAS as well as data. The enterprise uses General Packets Radio Service (GPRS)

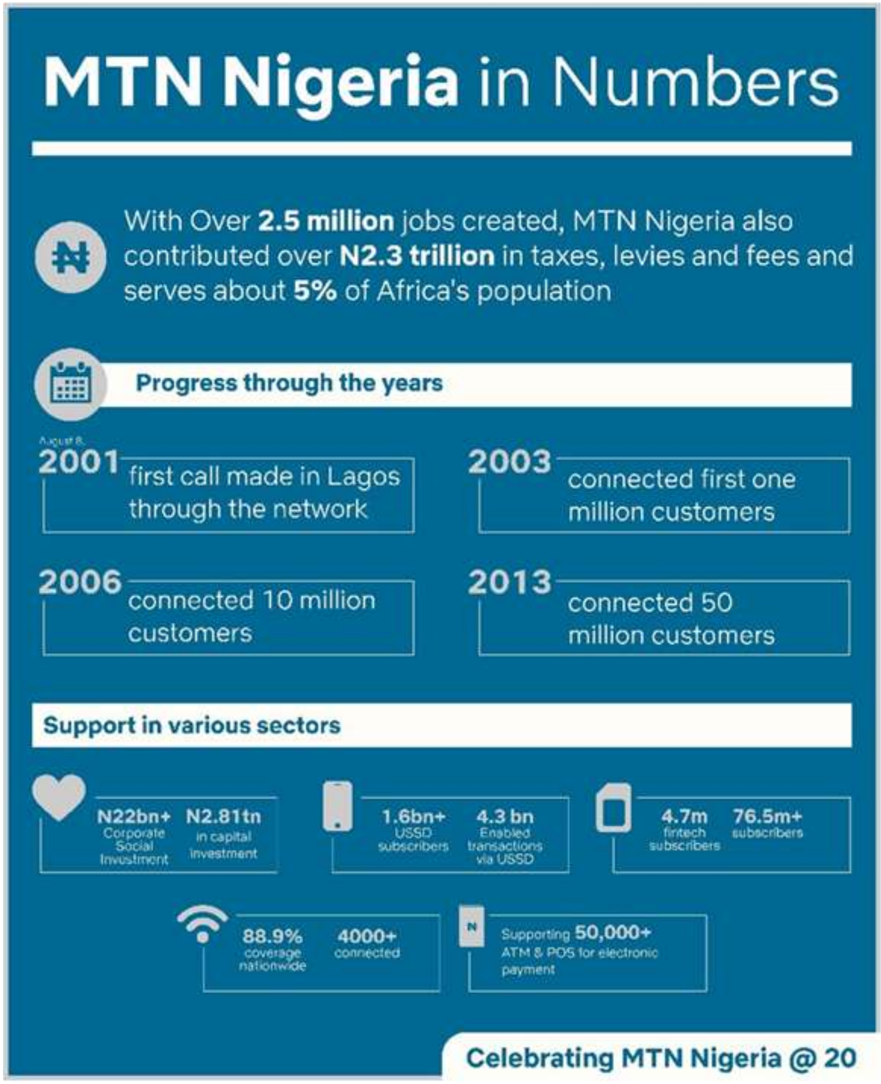


Figure 2.2: An overview of the success story of MTN since the year 2001 in Nigeria

Source:Mtn.com

MTN growth in Nigeria and its Economic Contribution

- The broadband Covers more than 89% of the Nigerian populace
- The service Connects 70 million cellular subscribers in Nigeria
- It's far a provider of companies to more than 180 ISPs (internet provider providers), carriers and the ICT resellers
- A fibre network overlaying almost 30,000 km in Nigeria

- It serves more than 11,000 companies and this includes approximately 2,100 agencies in Nigeria
- It facilitates more than 1.6 billion financial transactions via its u.s.a.
- It has created more than 600,000 direct as well as indirect employment through its partnered companies and sellers
- Very extensive community spectrum holdings
- In the year 2006, it reached the 10 million clients milestone marking the beginning of its astronomical increase
- For about 10 years in the past, MTN has already connected over 50 million subscribers in Nigeria
- As of the year 2022, MTN has a subscriber base of about sixty two Million Nigerians

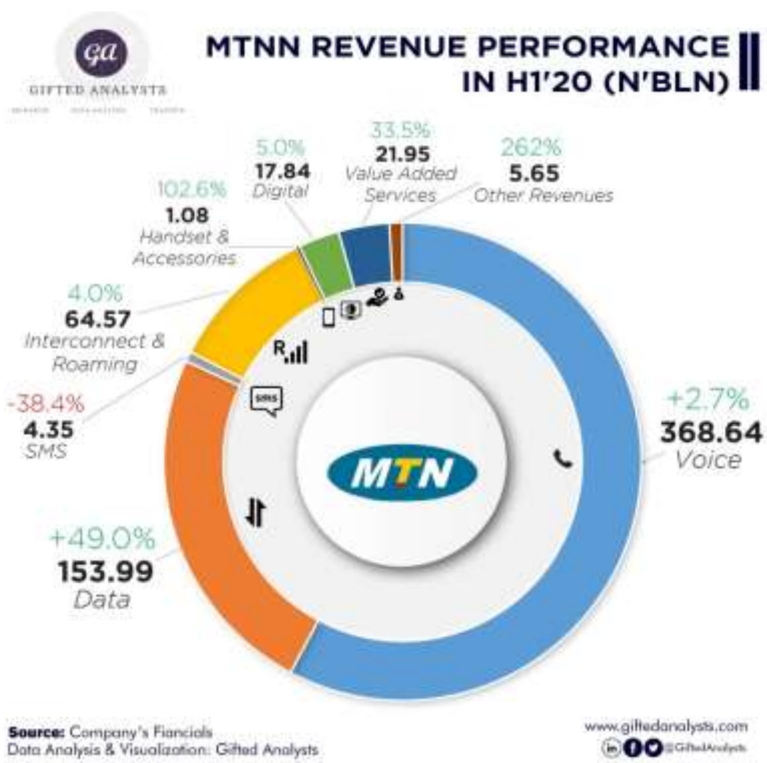


Figure 2.3: MTN revenue performance (In Billions) in the first quarter of the year 2020

Source: mtn.com

Explanation: Increase in revenue performance in the first quarter of the year 2020 showing MTN's resilience even during the COVID-19 lockdown witnessed in countries where it operated majorly, Nigeria inclusive

FINANCIALS

- MTN's sales accelerated by way of +23.62% from N975.76 billion in nine months within the year 2020 to N1,206.26 trillion in nine months in the year 2021
- Its cost of sales increased by about 11.86% from year to year from N179.21 billion in 9 months 2020 to N200.47 billion in nine months 2021
- Operating profit increased by a factor of +36.27% from N307 billion in nine months 2020 to N418 billion in 9 months 2021
- Finance Income: This reduced by means of -41.28% year by year to N7 billion in 9 months of the year 2021.
- Finance Cost: Decreased by means of approximately 3% from N107 billion in nine months to N104 billion in nine months 2021
- Earnings before Tax : This accelerated yr –on 12 months through about fifty two% to N321 Billion in nine months 2021
- Income After Tax grew yr –On yr with the aid of approximately 53% to N220 billion in nine months 2021
- Basic & Diluted earnings in line with share multiplied with the aid of approximately +52.6% of N10.8k in nine months 2021
- Mobile subscribers reduced by means of -7.5 million in 9 month of 2021 to about 67 and a half of million subscribers
- Active Data users rose more than +2.5 million in 9 months of 2020 to more than 33 million in 9 months 2021

- Total asset increased drastically year on year by +19% to N2 trillion in 9 months 2021
- Overall debt decreased by way of -3.2% to N324 billion in 9 months 2021
- Total Equity increased rapidly with more than +52% in 9 months 2021

MTN Nigeria Communications Plc

Audited consolidated and separate financial statements for the year ended 31 December 2020

Consolidated and separate statement of profit or loss

		Group		Company	
	Note(s)	2020 N 'million	2019 restated* N 'million	2020 N 'million	2019 restated* N 'million
Revenue	9	1,346,390	1,169,831	1,346,288	1,167,515
Other income	10	104	-	104	-
Direct network operating costs	15	(310,248)	(246,604)	(310,248)	(246,550)
Value added services		(12,820)	(12,459)	(12,820)	(12,462)
Costs of starter packs, handsets and accessories.		(20,566)	(12,766)	(20,566)	(12,766)
Interconnect costs		(112,470)	(105,250)	(112,470)	(105,250)
Roaming costs		(2,956)	(4,038)	(2,956)	(4,021)
Transmission costs		(6,106)	(5,553)	(6,106)	(5,688)
Discounts and commissions		(68,528)	(56,586)	(68,148)	(56,569)
Advertisements, sponsorships and sales promotions		(15,144)	(19,848)	(13,144)	(18,830)
Employee costs	13	(45,325)	(30,707)	(44,598)	(30,707)
Depreciation of property and equipment	17	(150,203)	(147,807)	(150,203)	(147,807)
Amortisation of intangible assets	19	(36,699)	(29,997)	(31,381)	(24,643)
Depreciation of right of use assets	18	(72,125)	(54,002)	(72,125)	(54,002)
Other operating expenses	14	(66,591)	(50,989)	(64,530)	(50,477)
Operating profit		426,713	393,225	437,097	397,743
Finance income	11	15,848	20,132	15,835	20,205
Finance costs	12	(143,687)	(122,080)	(143,687)	(122,080)
Profit before taxation		298,874	291,277	309,245	295,868
Taxation	16	(93,660)	(87,994)	(96,763)	(89,386)
Profit for the year		205,214	203,283	212,482	206,482
Earnings per share - basic/diluted (N)	42	10.08	9.99	10.44	10.14

•

Table 2.3: Profit and Loss Statement for the Year 2019-2020

Explanation: The Profit and Loss Statement for MTN Company above shows an increase in revenue generation from the year 2019 to the year 2020 demonstrating years of active growth MTN as a company has been witnessing in the Nigeria's economy.

MTN Nigeria's Quarter 1 result for the Year 2021: Positive Earnings Outlook

After an elevated activity rollout (with its 4 G coverage at approximately 62% from the 48% in Q1 of 2020), MTN's data sales increased from 43% year/12 months to about N106 billion and it now contributes a 28% percentage of the overall revenue that's up from 23% in Q1 of 2020 (25% q4 of 2020)

The boom took place with the aid of a 21% boom in energetic data subscribers to 32 million and a 27% upward push in smart cellphone penetration to 36 million

Here is a short breakdown

Active data subscribers reduced by means of 71,000 on a sequential basis

Data revenue increased by 16% due to an 87% boom in traffic of data

Sales forcast is therefore elevated by way of three%

Turnover

It maintained a constant increase and so a double increase in turnover is recorded for the year ended 2021.

Sales revenue increased by +23% and more year on 12 months and it attained an all-time high of N1.2 trillion within the 9th month of 2021

The year on year earnings increased by +51%

Charges on SMS also spiked by means of +301%

Sales from Voice accelerated by means of +9%

Summary

All of the business segments of MTN grew at some point in this time between the 9th month of the 12 months 2020 to the ninth month of year 2021. The Consumer business unit grew by 26%, Enterprise business unit grew by +8% and wholesale business unit grew through 8%.

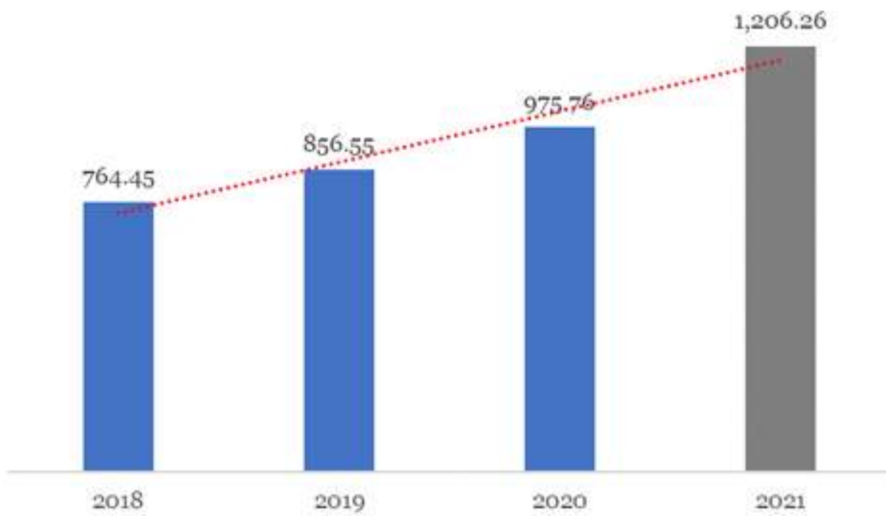


Figure 2.4: MTN Nigeria's Revenue growth from the year 2018-2021 (In billions)

Source: MTN Nigeria Financial Statement, Proshare Research

Profit Before Tax

MTN's profit before tax increased by +51% to N321 billion in the 9 months 2021 compared to a -0.62 % fall in profit (Loss) in 9 months 2020

The Finance profits tumbled by about 41% to N7 billion in 9 months 2021.

The income interest on amortized cost investments dropped by -33% yr on year.

Finance cost also dropped marginally by -3% in 9 months 2021

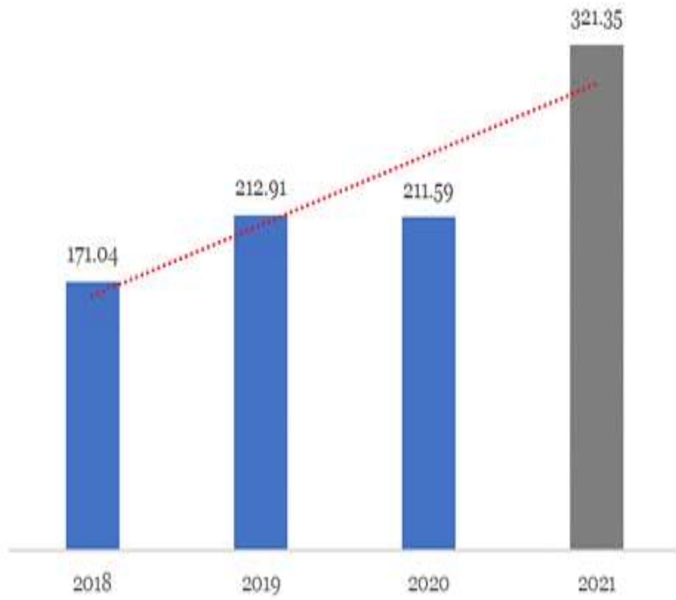


Figure 2.5: MTN Nigeria's profit Before Tax 2018 -2021 (In Billions)

Source: MTN Nigeria Financial Statement, Proshare Research

Current Ratio

Current Ratio

The nine month result of MTN indicates a +29% boom in the current assets and a -3.2% fall in the short term liabilities. Data shows that MTN can nonetheless still meetup with its short term obligation.

With a High profitability ratio, the current ratio swerves from 1.55 – 1.20 in nine months of the year 2021 and this represents a +29% increase increase. The higher the ratio the more capable it's miles in offsetting debt duties

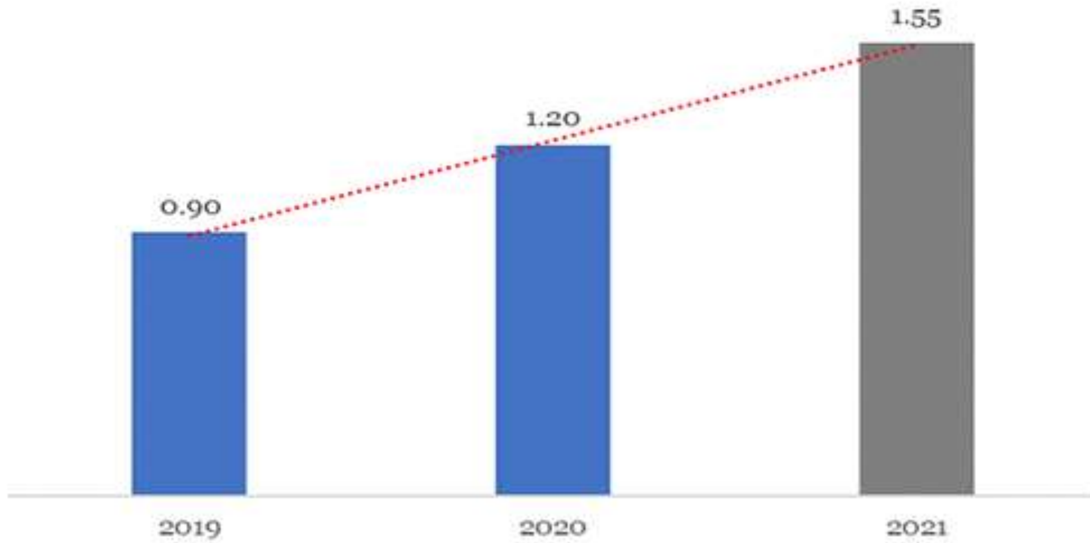


Figure 2.6: MTN Nigeria’s Current Ratio 2019 – 2021

Source: MTN Nigeria Financial Statement, Proshare Research

Acid Test Ratio

The increase MTN witnessed in the acid test ratio made a few analysts accept as true with that it could use a quick asset to settle the quick-term liabilities even withtout inventories.

Inventories improved by using +359% in nine months 2021, the Acid take a look at ratio expanded by means of +32% in nine months 2021. The ratio stands at 1.56 in nine months 2021

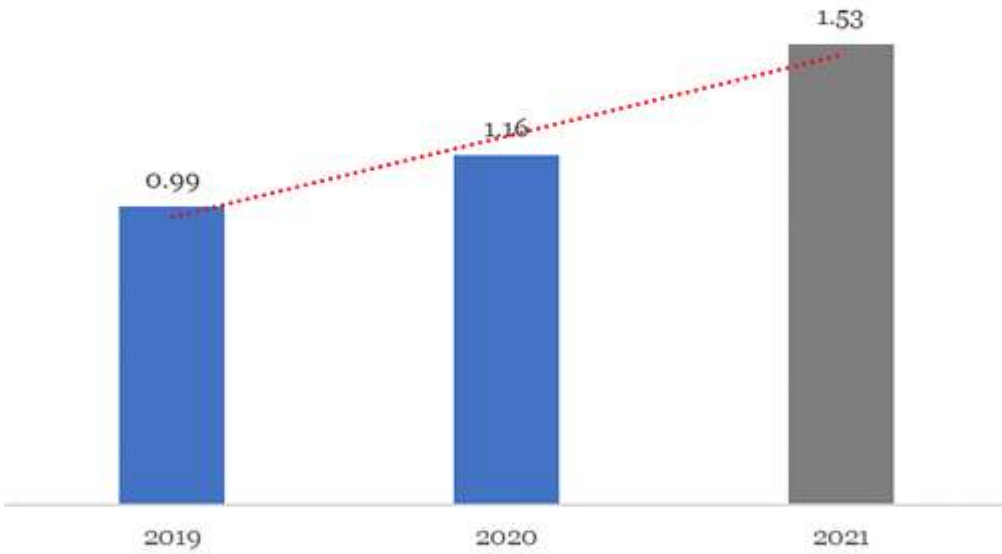


Figure 2.7: MTN Nigeria's Acid Ratio 2017 – 2021 (In billions)

Source:MTN Nigeria Financial Statement, Proshare Research

Asset Turnover Ratio

The hike in efficiency ratio was a result of the growth revenue and asset. the overall belongings grew appreciably with the aid of +19% from N1.seventy six trillion in 9 months 2020 to N2.1 trillion in nine months 2021. The sales improved as well by +23.6% in the equal 12 months of 2021**.**

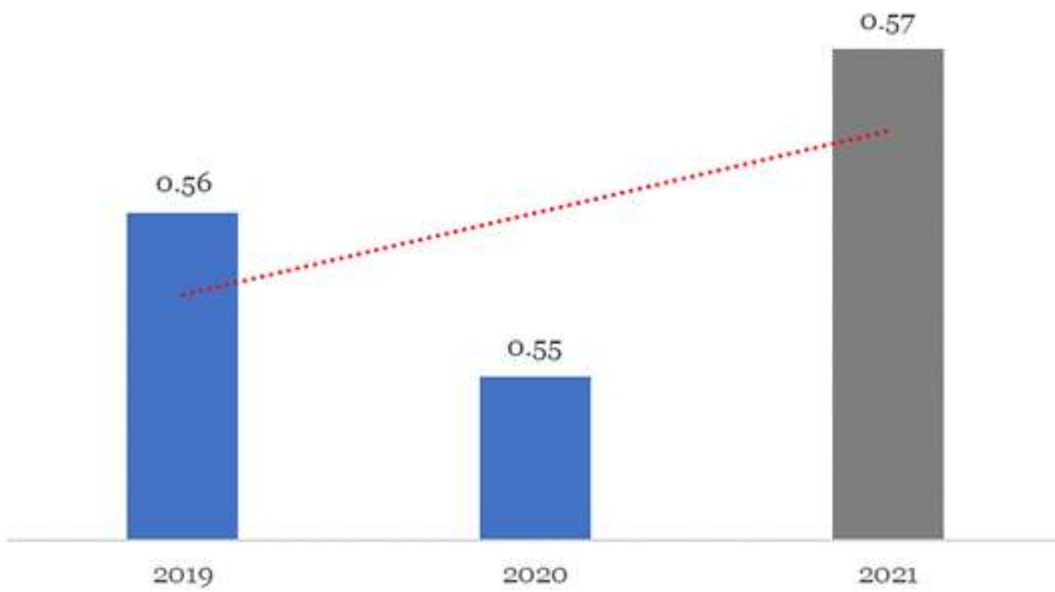


Figure 2.8: MTN Nigeria’s Asset turnover Ratio 2019 - 2021

Source:MTN Nigeria Financial Statement, Proshare Research

Leverage Ratio

The Leverage ratio for the company went down by -38.9% and Year on year from 2.86 in the 9month of 2020 to 1.75 in 9 month of 2021. The Total debt dropped by 3.21% in 9 month 2021 and equity increased higher by +58.4%. However , in the 9 month 2021 the financials of MTN company has shown that the company is heavily financed by debt.

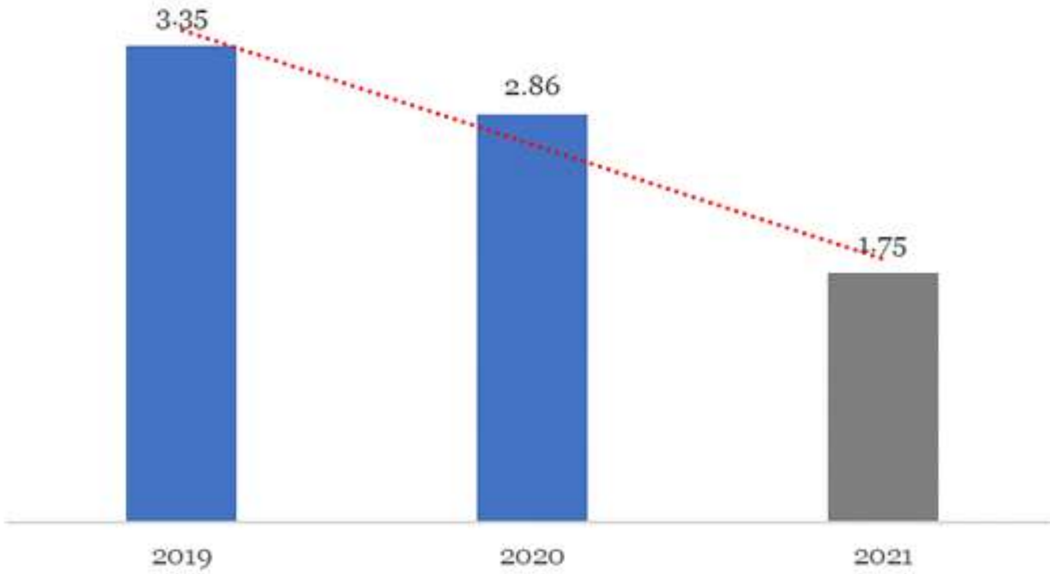


Figure 2.9: MTN Nigeria's Leverage Ratio in the year 2019- 2021(In Billions)

Source:MTN Nigeria Financial Statement, Proshare Research

Return on Equity

The ROE fell in the 9th month of the year 2021 and that is the second consecutive drop between the year 2019 and the year 2021. ROE dropped by 3.56% by way of 356 base points to 118.45% from 122.82% within the 9months 2020.

Equity of the company grew rapidly by way of +58.37% in 9 months 2021 as compared to what it become in 9 months 2020 which turned into +29.54% . Net income also multiplied by way of +52.74% in 9 month of 2021. See the Chart 7 below

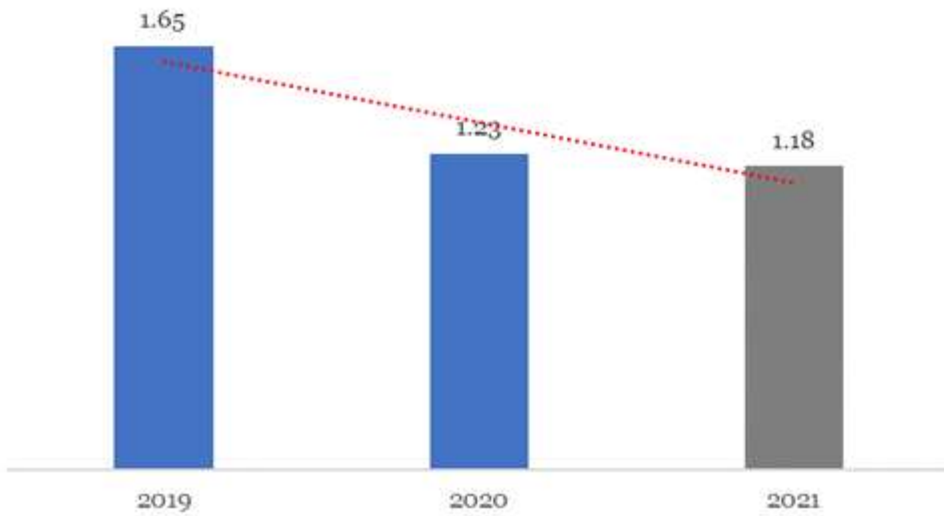


Figure 2.10: MTN Nigeria’s Return on Equity 2019 - 2021

Source: *Source: MTN Nigeria Financial Statement, Proshare Research*

Summarily, MTN as a group of company completed all its quarterly reports on a high note and therefore establishing itself as a foremost investors choice while within the Nigerian economy.

2.3 Methodology and the Analytical Framework For Determining the Relationship between FDI and Economic Growth

There is an established relationship between Foreign Direct Investment in any country with the Economic Growth witnessed in such country. In this thesis, attempt is made to establish this relationship using the Telecommunication sector of the economy as a focal point and Nigeria’s economy as a reference point

Methodology

To establish the relationship that exists between Foreign Direct Investment and the Economic development of Nigeria as a country, I used the Regression Analysis-Error Correction Model (ECM). Time series variables are used and is therefore compulsory to test the properties of the Time series data

The Unit roots Test Methods were applied in the study and these are the Augmented Dickey-Fuller test (ADF) in addition to the Phillips-Perron (PP).

As for the evaluation, the E-views, model 9.0 was used.

As for the estimation technique, The ordinary Least squares (OLS) estimation was adopted in the single equation models.

So the effect of foreign Direct Investment on Nigeria's economic increase is consequently analysed within the Standard Growth accounting framework.

To start with, let's assume that the capital stock is made up of 2 components;

Domestic and foreign owned capital stock.

So therefore,

Kt = Kdt + k f

I then used the augmented Solow Production Function (Solow, 1956) which makes output a function of shares of capital, labour, the human capital itself in addition to productivity. I but specify the domestic and Foreign owned capital stock one by the use of the Cobb–Douglas Production function.

So here,

Y = flow of output,

K dt K ft = domestic and foreign owned capital stocks

L = labour,

H = human skills capital stock

A = the total factor productivity

This in essence explains the output boom that isn't accounted for via the increase in factors of production specified.

So I took logs and differentiating Equation 1 with appreciate to time, and that i acquired the equation below

Equation 1

$y = a + \alpha k + \lambda k + \beta l + \gamma$

So here, the lower case letters represent the following below:

- Growth rates of output
- The domestic and foreign capital stocks,
- Labour and
- human capital,

However the a, l, b and g all represent the following below:

- Elasticity of output,
- domestic and foreign capital shares
- Labour and
- Human Skill capital

In a condition wherein there is best competition and steady returns to scale, the pliancy coefficients can be interpreted as respective issue stocks in general output.

Equation 2 on its own is however a major Growth Accounting equation, wherein it decomposes the rate of growth of the output into growth cost of all of the general element productivity plus the weighted sum of the increase charges of capital shares, human capital stock and the growth rate of labour.

Theoretically, a, b and g are consequently intended/anticipated to be positive while the signal of l could depend upon the comparative strength of competition and the link effects and different external factors that FDI generates in the development process.

After the established practice within the literature, Kd and Kf are proxied with the aid of domestic investment to GDP ratio (Id) and FDI to GDP ratio (If), respectively in view of the difficulties associated with dimension of capital stock. The use of rate of investment is based on the idea of a steady state scenario or better put, a linearization around a consistent state.

The final form of Equation 2 is consequently as shown below

Equation 2

$$\mathbf{y = a + \alpha I + \lambda I + \gamma + \varepsilon}$$

In this equation, the ε is an error term.

The Analytical Framework

There are 2 two categories of investment in a foreign country within the context of foreign Direct investment (FDI)

This could be the "Market-seeking" and the "Non market-seeking";.

The market-seeking investments is the type whose aim is to serve the domestic markets. This simply means that goods produced in host markets are sold in those markets. Consequently, the FDI can in a manner have an effect on boom via the nature of the domestic demand for such as if there are massive markets and high income levels of the host country.

For the Non-marketplace-seeking FDI, the aim is to promote the products produced in the host economic system on markets abroad. Consequently, this kind of investment will serve the host country the more through the trade nexus – and what this indicates is that, how easy it is to export the products in addition to how competitive the goods are in a global marketplace. FDI will consequently increase economic growth through an increase in productivity of capital.

Nigeria as a country is a beneficiary of both types of the Foreign Direct investment cited above. However, the variables that are crucial for each styles of FDI will probably impact Nigeria's economic growth. I therefore included in the model such independent variables which are important to the economic growth which is subject to availability of data.

For this very thesis, The dependent variable used is the GDP per capita (in log form), which I obtained as a ratio of real Gross domestic Product to the population in Nigeria.

The independent variables covered inside the version are:

Return On Investment on Capital (ROI): It is a known fact that FDI gets to countries that pay a better return on capital. That is by means of assuming that a higher return on capital is indicative of a higher degree of productiveness and so therefore a higher/better potential to grow the country's economy.

The ROI that is the Return On investment in the rest of the should therefore be an opportunity cost for those potential investors in Nigeria, who can later use the rate to compare with what may be seen in other parts of the world where there might be more options. I therefore assumed a direct relationship between income per capita and the Return On Capital. In this thesis, I found a positive relationship between ROI and FDI and this means that a higher GDP per capita implies a brighter prospect. For FDI in the host economy.

Level of Infrastructural Development: According to (Wheeler & Mody, 1992): a very good infrastructure lets in for an in manufacturing level and further reduces the operating costs and as a result promotes Foreign Direct investment. In essence, a well-developed level of Infrastructure allows for an increase in the productivity of investment and thereby lets in for economic growth. Usually, it is the number of telephones lines with 1,000 populace that is used to measure infrastructure development. however, The defects of this measure are that it does now not put in consideration the growth inside the number of available cellular phones and best measures the availability of the ability and while reliability is completely not noted. different measures that are used may additionally consist of the electrical electricity transmission and distribution losses and the gross fixed capital formation. Given the provision of data we used electric powered power intake as a proxy for this variable. The variable is measured as in keeping with capita electricity strength intake. This form of measure looks after availability and so we must anticipate an immediate dating between this very degree and financial boom.

Political Risk: It is a commonly known fact that when a country is politically unstable, the economic growth is hampered as well. Political risk is measured by the tendency of a change of government, in addition to political violence as measured by way of the frequency of things like political assassinations, violent riots and politically associated moves. Therefore, the average variety of assassinations and revolutions in a country can be used to measure the degree political instability. Also, we can use the wide variety of coups d'état a country suffers to measure political instability. In this very thesis, Nigeria is used as a case study and since the return to a democratic system of government in the year 1999, the Political climate has been noticeably stronger at least till now. Therefore in this case, there is a positive economic growth in Nigeria as a country due to the political stability being witnessed within the political space for more than two decades now for the mere fact that the country has returned to a democratic system of government which more stable than the previous military government in the country.

The Openness of the host economic system to trade: To measure this, we consider the ratio of trade (that are the imports and exports) to the GDP and in this case is the Gross Domestic Product of Nigeria. FDI inflows in any country are predicted to bring about a stepped forward competitiveness of the host nations exports. As the exports and investments increase, this could without a doubt result in a multiplier impact on the GDP of the country and in this case, Nigeria. Improved exports and investments can also generate foreign exchange that may be used to import capital items. Similarly to this, if the added investment embodies neutral/ labour intensive techniques, job possibilities in form of employment will definitely arise. Therefore, we ought to assume a direct relationship between this variable and economic growth.

Size of the government: This is a measurement of the ratio of government consumption to the GDP. This is expected to have a direct relationship to economic growth. This is because a higher stage of government consumption would make provision of extra social capital that have to encourage an increase in manufacturing. However, the overhead fee as well as endemic corruption that is pervasive inside the massive governmental organization in Nigeria has not made this to be precisely so.

Human capital: The importance of education to growth of the economy is normally measured by way of the ratio of secondary and tertiary group enrolment in the population. There is a direct relationship in this variable with the economic growth of any acountry as well. Nigeria has a population of over two hundred million people and still has a notably shortage of professional labour and so this population isn't always necessarily converted into an opportunity for economic growth for the country. The government however considers the population as a burden to it achieving its overall strategic goal

Some other Variables: I also included the inflation rate as a measure of the overall economic stability of a country like Nigeria. I assume an indirect relationship between inflation and economic growth.

The summary information of all of the blanketed variables are offered in in the table below

Table 2.4.

A table showing the summary information of all the blanked variables

Table 2.4 : Summary Statistics of Included Variables

Variables	**Mean**	**Standard Deviation**	**Minimum**	**Maximum**
Open = (100*(Imports+Exports)/GDP)	27.2175	19.7925	0.3779	62.1814
Inflation rate = Infl	22.0394	18.8368	3.4	72.9
Govt.size (Govt consumption/GDP)	0.1539	0.2825	-0.307	0.9017
Human Capital = (Sec.+Tertiary enrol/Popn)	4.2741	1.4283	2.024	7.1383
Infrastructure = (Electric power consumption/Popn)	7.494	2.171	2.6527	10.6308
Return on investment = (long-time US interest rate)	7.0896	3.1768	1.670	16.390
Non-oil GDP	6.373	2.0207	0.6179	10.1659
Political risk	0.2727	0.4522	0	1
FDI (100*RFDI/GDP)	3.5989	7.4036	-1.9247	32.0255
FDIoil (100*FDIoil/GDP)	2.8554	3.0432	-0.2529	11.9265
FDItracom (100*FDItracom/GDP)	0.0926	0.0593	0.0071	0.2651
FDImanufac (100*FDImanufac/GDP)	2.5518	1.3241	0.2429	5.7649
LnGDP (log of GDP)	11.3730	0.2224	10.9001	11.7739

Source: Data Analysis year 2005

Researchgate.net

The foregoing therefore suggests that a general empirical model of Foreign Direct Investment on the Nigeria's economic growth can therefore be put as below

GDPPCAP = F(Lag(GDP), FDI, OPEN, HUMCAP, POLRSK, GOVSIZE, INFL, ROI, INFRAC)

where,

GDPPCAP = Real gross domestic product per capita (in log form)

FDI = foreign direct investment defined as (FDI/GDP*100)

OPEN = openness of the economy (total trade – GDP ratio)

HUMCAP = the level of human capital (share of secondary school and university enrolment in the population)

POLRSK = political risk measured by number of coups d'état (dummy variable)

GOVSIZE = government consumption as a ratio of GDP

INFL = the rate of inflation

ROI = return on investment (long-term US interest rate)

INFRAC = infrastructure development (per capita electricity consumption)

Here is the postulated long-run version and its like this beneath:

LNGDPPERCAP =α + GDPPERCAPt−1 + β1FDI + β 2ΔOPEN + β3ΔHUMCAP+ POLRSK i β ΔROI + β ΔGOVSIZE + β ΔINFRAC + β INFL + β + ε 4 5 6 7 8

in which D is distinction and i ε is the stochastic disturbance time period

It should be stated that the Neoclassical Aggregate production is that which offers the background for this equation

The New Growth Theory proponents (by Levine and Renelt, 1992) give a primary explanatory variables for economic growth as investment, population and human capital. Investment (both foreign and domestic) as a percentage of GDP and export and import as probabilities of GDP are expected to rise as countries undergo better tiers of improvement and experience a faster growth rate.

It is a known fact that trade which includes exports, can boom competition, allow the realization of a comparative benefit, allow countries to buy goods from abroad and also offer opportunities to access to new technology as well as managerial skills. The ratio of secondary and tertiary institution enrolment proxies human capital in the host financial system.

Barro and Lee (1994) used something comparable and discovered it to be significantly correlated with growth.

Akinlo (2004 also used the same proxy for human capital in Nigeria and also found a positive correlation between the two.

On the basis of the discussion above, the expected signal for the coefficients of FDI is positive according to the modernization hypothesis but uncertain according to the dependency hypothesis.

The coefficients of OPEN, HUMCAP, GOVSIZE, INFRAC, and ROI are predicted to be positive. However, the predicted sign up INFL is uncertain depending on the way it's controlled in the economy. In addition, the anticipated sign on POLRSK is poor. previous research (Akinlo, 2004; Adelegan, 2000) entered FDI into their regression. it is well known, but, that the majority of the FDI is invested in “the extractive industry”, in which case these fashions surely assessed the function of the natural useful resource – oil – on economic growth.

In this study, I went a step further to disaggregate the FDI into its fundamental components and assessed its effect at the growth of the economy. Thus, the FDI was disaggregated into Manufacturing, trade and communication and oil. Regardless of the level of disaggregation, I expect there to be a positive correlation between Foreign Direct investment incentives and economic growth. Those aggregates have been then entered into the regression equation to check their influence on increase. With the likely simultaneity between FDI and growth, the two-stage least squares (2SLS) approach of estimation was used, and the results obtained compared with those of the OLS. Finding reliable units became abit hard . Lensink and Morrisey (2001) proposed that it's far difficult to locate contraptions that could expect the variable (FDI) and yet aren't determinants of the established variable. I therefore used a lagged value of Foreign Direct investment and policy changes as instruments for FDI while lagged price of FDI was then used for growth. Because of the short annual sample I opted for the augmented Growth Model. Additionally, I examined the effects of the explanatory variables at the non-oil GDP (in this situation, the Telecommunication GDP)to set up their relationship

CHAPTER 3. Recommendations for Improving Policies for Economic Development in Nigeria's Telecommunication Sector

3.1 Leveraging Digital Foreign Direct Investment (FDI) For Capacity and Competitiveness

The Nigerian authorities is the policy-maker as far as the issue of Foreign Direct Investment (FDI) is concerned. Nigeria as a country in addition to the corporations in the country like the MTN company (which is the main essence of this thesis) can use the Foreign Direct Investment (FDI) as a means of growing their digital capacities so as to Nigeria as a country more digitally competitive in a global market.

To acjieve this objective, a 3-element method can be used

- Launching of the Digital FDI enabling Projects (DEPs) to allow for the creation of a virtual friendly funding/investment climates by formulating enabling policies, legal guidelines and other methods which will allow for an increase in FDI.
- Using a smart test or precursor to launching a full-fledged DEP, which benchmarks their economy's digital capabilities, marketplace functioning, accessing it through connectivity, Restrictions and Trust (also known as 'SMART'), and making provisions for tools to address limiting factors.
- The Nigerian policy-makers can evaluation FDI developments in six sectors which might be essential to grow the digital economy (out of these are essential, including the communications enterprise like the MTN company which is the subject of this thesis in addition to the software & IT services), with quantitative evidence that may direct those in charge of making such policies so as to prioritize the reforms of these policies and promote investment where they are relatively not so strong. In the

course of the method, specific attention ought to be paid to growing the digital ability of Small and Medium Sized agencies.

A G20-initiated Sustainable technology Board that's actually orientated to cooperation over new technology may want to offer solutions to some of the questions on techno-competition and different issues over virtual FDI.

We need to understand that Digital FDI has never been more important than now especially since after the COVID- 19 lockdown that the world witnessed in the beginning of the year 2020. Digital FDI brings not only capital and investment into Nigeria as a country but also it brings technology and know-how needed in creating jobs and growing the economy of the country.

Figure 3.1. Digital FDI framework

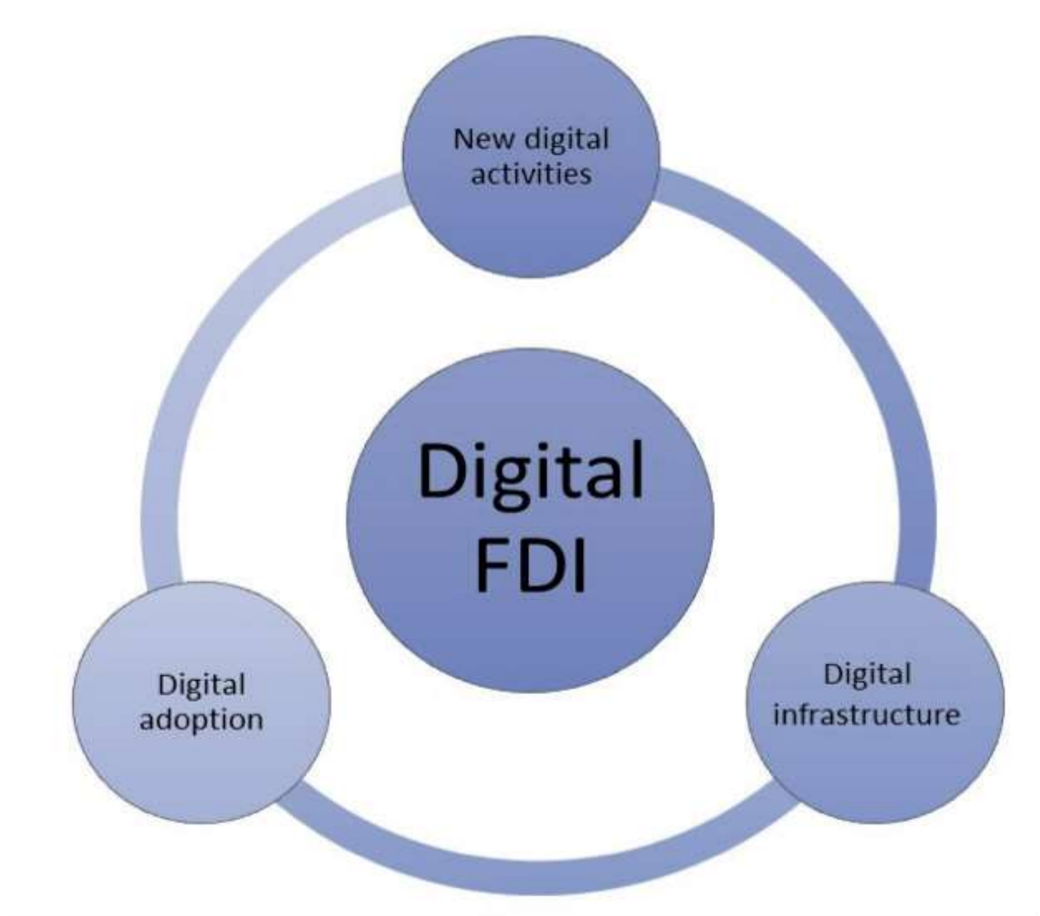


Figure 3.1. The Digital FDI Framework

Source: (Stephenson (2020), elaborated from UNCTAD (2017)

It is an acknowledged fact that digital transformation has been brought forward years ahead and high time we lived with the reality. Since COVID-19 crisis about 2 years ago, there has been an increase of 70% internet usage, the use of communication apps has additionally accelerated according to the World Economic Forum, some video streaming offerings have a rise of approximately 20 folds

Digitalization is gradually taking its place in all the economic sectors and features which is sequel to COVID-19 economic recovery. However, even before the pandemic, the world we live in was already divided into what is known as "digital natives" and "digital laggards".

Digital natives are firms that commenced their digital transformation early enough and MTN falls under this category. Digital Laggards are people who have been slower to launch into to what is now known as the new normal. This distinction and distinction among the 2 digital 'tribes' is creating a growing virtual divide, wherein digital natives experiencing two times the revenue growth of digital laggards .

Overtime, companies have now realized there is a need to spend money on their digital potential otherwise the threat of losing market share or maybe exit of business absolutely may be imminent.

Countries all over also are grouping themselves into digital natives and digital laggards, by way of this, policy-makers, in this situation the Nigerian government should recognize that they need to keep their economies stay digitally competitive otherwise they might be threatened falling behind.

Attracting FDI to develop the digital economy is one of the ways of increasing capacity and competitiveness, especially for the small and medium-sized companies (SMEs). Digital FDI brings not only capital but also a derived digital expertise and technology, while creating jobs in the process.

Since some digital service suppliers are stated to be “asset-lite” (this means they do not require sizable FDI to service the market), other digital service suppliers show a similar international asset landmark to standard multinational organizations (MNEs). As an example, e-commerce firms like the internet retailers, digital content providers e.g., the ones providing digital media, video games, information and data and telecoms corporations (MTN organization in this example) have a definitely equal ratio of Foreign Assets to foreign Revenues as compared to the traditional Multinational Organizations. This simply indicates that FDI is crucial to the survival of their commercial enterprise or even the business model itself. The fastest growing and most highly valued companies in the world are mostly within the sphere of technology space like the telecommunication industry where there is a large collection of capital and opportunities abound for investment that benefits the company and also the country at large (In this case, Nigeria).

For countries to get digital FDI, several appropriate policy (ies) need to be in place. These investments are based on business models which are different from the regular brick-and-mortar businesses we are used to. These business activities rely heavily on data and a great expertise, frequently involve platform economies, and leverage non-traditional assets.

With growing techno-nationalism, digital FDI is becoming extra hard, both inwardly and outwardly: There could be cases where policy-makers may be unwilling for their organization to offshore their technology and even may be the reluctance to allow their companies being merged with others they do now not share common organizational culture or beliefs.

It needs to be stated that the G20 economies (which Nigeria does not belong to in any manner) have been actively adopting measures associated with digital FDI. The figure below provides more insight as to which countries of the world have adopted digital FDI

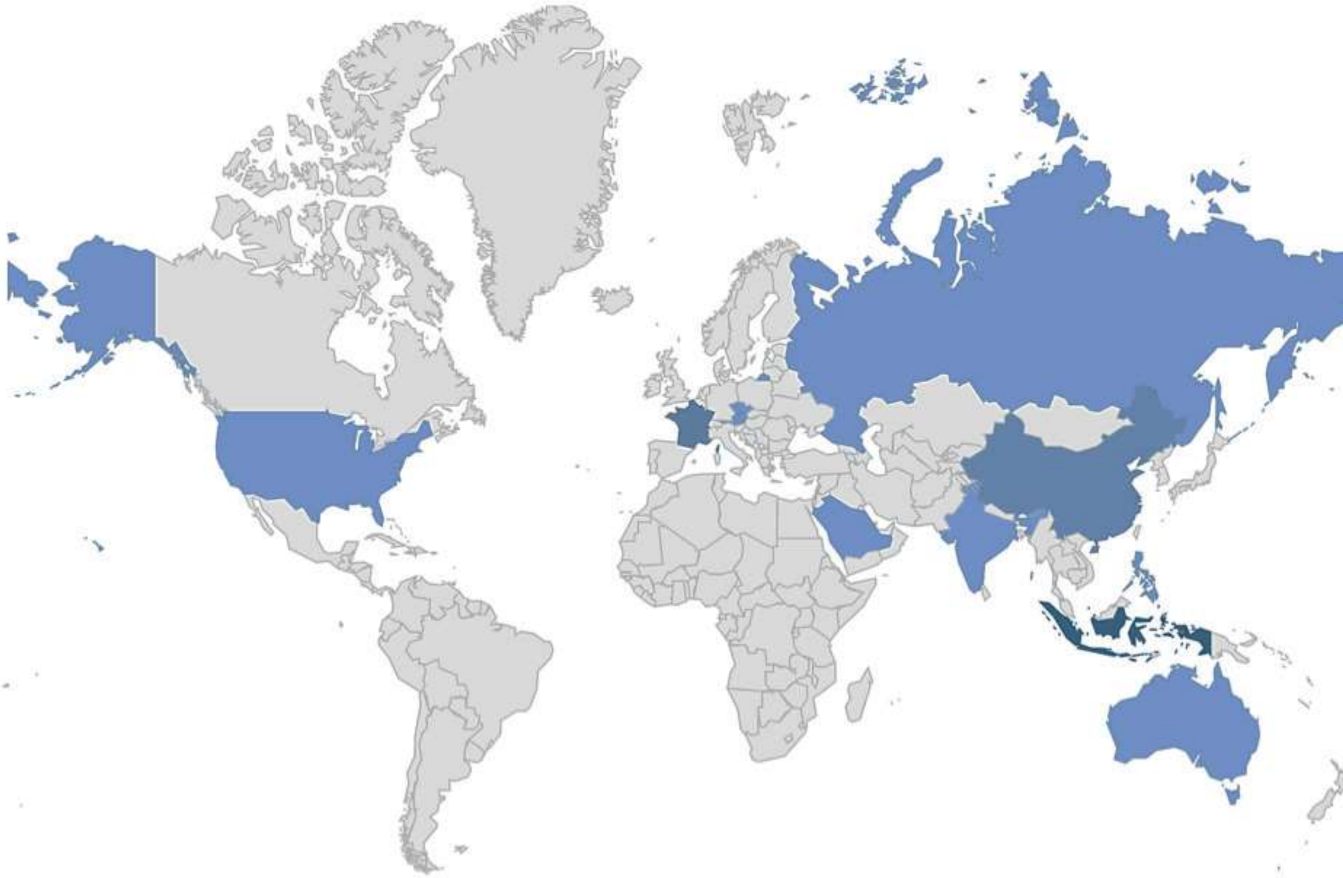


Figure 3.2 G20 adoption of 33 Digital FDI measures (1 January 2020 to 1 May 2021). The picture shows the widespread adoption and growth of digital FDI among the market economies of G20 countries

Source: (Global Trade Alert (n.d.)

LAUNCH OF DIGITAL FDI ENABLING PROJECTS INORDER TO CREATE DIGITAL FRIENDLY INVESTMENT CLIMATES

Its important to note that Policy makers may also want to release digital FDI enabling initiatives (DEPs) for the reason of developing a digital friendly investment climate. Growing a digital friendly investment climate calls for corporations to become aware of the existing policies, regulations and measures across 3 pillars:

- New digital activities;
- Digital adoption by using traditionally non-digital firms;

- Digital infrastructure

It is important to know that there are different elements that affect the decision of a potential investor to commit capital and other resources in each of these pillars. Once the elements are identified, policy makers can thereafter ensure the provision is made for in the economy.

- Pillar 1. These are elements that allow investment in new digital activities. The digital economic system has brought about a variety of new business models no doubt, from social media and digital structures to cloud computing and data centres. The Nigerian government must embrace those new commercial enterprise fashions and support them as well. For instance, rules, guidelines and measures in the South-East Asian countries helped inspire funding in ridesharing apps, which include the billions being invested in Gojek and grasp which can favourably compete for the ridesharing and transport marketplace in South-East Asia (Lunden, 2019; Lee, 2020).

How is this a concern? To achieve success, new digital sports require digital content oriented to the nearby marketplace, developing possibilities for SMEs to supply such content and hyperlink up with overseas multinationals, with all the fine advantages that digital linkages can carry.

- Pillar 2. Elements that allow digital adoption by using traditionally non-virtual companies. The new digital economic system is able to change the conventional ways of running a business as we have seen in the last 20 years. Some guideline provision, regulations as well as measures can allow the adoption of new digital approaches by the use of incumbent firms, for example, via telemedicine, mobile banking and online sales (see IMF, 2018).2 As an example, Polish telemedicine firm MedApp invested in the Baltic states, permitting cardiovascular diagnostics to be provided through telemedicine (PMR Healthcare, 2019).

Why is that this a concern? Brick-and-mortar corporations, both domestic and international, view digitalizing their value chains and deliver chains as an important economic step (Srinivasan and Eden, 2021). virtual adoption via domestic firms can assist SMEs grow their enterprise by way of becoming either first or 2d-tier suppliers to larger home companies. From there, it is a brief step for SMEs to start providing the "going virtual" MNEs that are now requiring their first and second tier suppliers to also engage in virtual upgrading.

- Pillar three. Elements that permit investment in virtual infrastructure, and this includes a physical dimension and a regulatory dimension. Strong and dependable physical infrastructure is key for the improvement and growth of the digital economy. Attracting FDI in the digital infrastructure needs a very conducive regulatory framework, as an example, policies and policies that encourage funding in payment processors. Importantly, infrastructure needs to connect and develop the size of the marketplace (at the countrywide, regional and worldwide stage) as traders are regularly drawn to a much bigger market (see Stephenson, 2020, p. 14). Success in attracting FDI in digital infrastructure may even rely on the level of current infrastructure. As an instance, Visa's investment in Nigeria's Interswitch, a payment transfer and processing business enterprise, made Interswitch an overnight success (Bright, 2019).

Why is this important? The Digital infrastructure is critical in assisting SMEs connect to worldwide market opportunities via plugging into worldwide supply chains and growing e-trade exports, both physical and digital services.

What Are the factors That need to be considered in each of these 3 Pillars?

A current survey of buyers provides the first proof for a way to attract virtual FDI. A total of 314 companies have been surveyed throughout Canada, China, Estonia, India, Japan, the UK and the United States of America. They have been asked five foremost questions: (1) A-big picture question to recognize the relative importance of various elements at the highest stage; (2) a question on new virtual activities; (3) A question on digital adoption; (4) A question on the type of physical dimension of virtual infrastructure; and (5) A query at the regulatory dimension of digital infrastructure.

The complete survey results may be found in a white paper (Stephenson, 2020).

This survey found out that investors are more interested in the capabilities and regulations. In terms of the main factor questions, the top 3 factors that investors care about while making choices to invest inside the virtual economy are: (1) the extent of the digital skills in an economy; (2) the regulatory stability and predictability; and (3) regulatory framework. This further confirms the importance of getting the regulatory framework right inorder for the economies to attract digital FDI.

However, DEPs need to be matched or related to individual economies through country-specific evaluation and reforms. Each economies may be at different beginning points in terms of policies, regulations and measures, in addition to precedence regions for digital development. similarly, investors may be inquisitive about one-of-a-kind markets for one of a kind motives, whether because of size, earnings degree, talents, sources, geographic place, etc.

Digital FDI Enabling initiatives Can therefore be put Out in four Steps

The First step is a diagnostic step inorder to apprehend (a) the state of play of applicable regulations, policies and measures, (b) how these are benchmarked against the factors diagnosed as essential in the digital development and (c) the specific virtual improvement goals of the economic system.

Second, a focused survey of and consultations with investors inquisitive about that market, asking them for (a) a perception score of the digital FDI investment climate pre-reform, and (b) the question, “What do you need to look for in this country to invest money in its digital economic system?”

Third, growing reform recommendations through a multistakeholder method to assist connect the supply of a digital-friendly investment climate by means of the policy-makers to their demand for such an investment climate by using firms.

Fourth, enforcing these reforms and tracking effect via the number of reforms accomplished, improvement in the perception score of the digital FDI investment climate after the reform and increase in actual virtual FDI flows investment projects and capital flows.

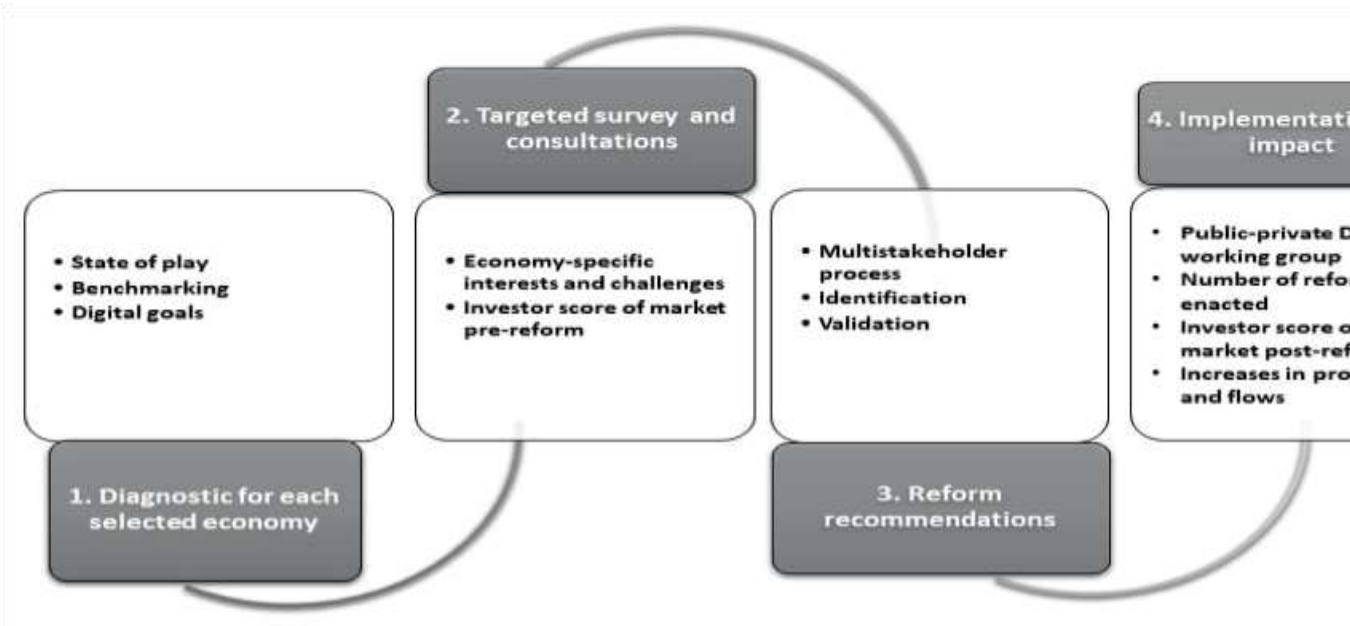


Figure 3.3 Digital FDI enabling project (DEP) methodology

Source: (Stephenson (2020)

USE "SMART" TEST AND TOOLS

Until a DEP can be launched, policy-makers can use a SMART test and tools inorder to identify and reduce the limiting factors to Digital FDI. Actually, an economy launches a DEP inorder to increase investment by following the methodology outlined above. However, the "first-response" approach, policy-makers can use a "SMART" test inorder to quickly identify weaknesses that are holding back Digital FDI. Each of the letters in SMART represent a key building block to the "digital friendly" investment climat which are Skills, Markets, Access, Restrictions, and Trust. For each of these five building blocks, some indicators can be able to pinpoint where the problem may lie, and certain tools are useful in helping to address it.

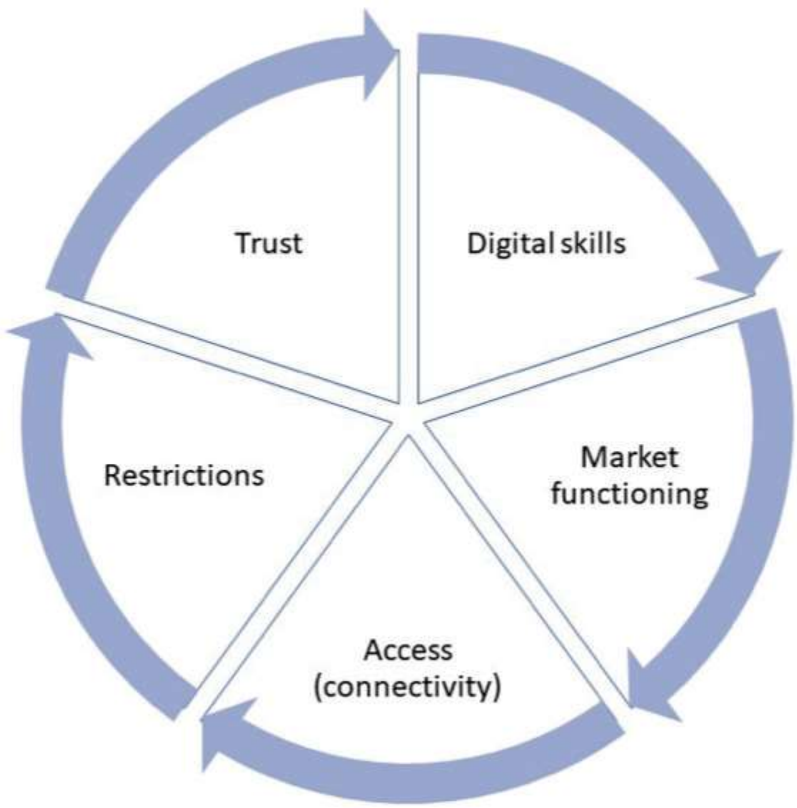


Figure 3.4: Five dimensions of the SMART test

Source: Stephenson (2020)

Target FDI in sectors which are digital enablers

Other than the enabling elements, there are enabling sectors that allows for the development of the digital economy.

The Nigerian nation that's the policy-maker right here needs to consequently make sure that the country gets sufficient FDI in sectors which might be digital enablers across the financial system. I mean the at the same time as digital FDI can take place in any area as virtual adoption by incumbent firms can take region in any quarter certain sectors can act as digital enablers horizontally throughout the economic system. It could therefore be specifically critical to target investment policy reforms, advertising and facilitation to those sectors can be taken into consideration 'structural' digital enablers, and four greater 'supportive' virtual enablers and these are indexed below

The Structural enablers are

- Communications and
- Software program & IT offerings can be seen as structural enablers, at the same time as the alternative 4 supportive virtual enablers

- Business machines and equipment,
- Customer electronics,
- Electronic additives and
- Semiconductors

The above listed are taken into consideration as more supportive enablers. The Structural enablers are services that commonly require a physical presence. In cases they do no longer require a physical presence (for example in outsourced Information Technology services), to have them produce locally can result in good externalities and spillovers into different sectors. Supportive digital enablers are on their very own are goods, and may consequently be effortlessly imported. However, having them produced locally is once more possibly to lead to fantastic externalities. Within the supportive digital enablers, the data will display that (five) digital additives, and (6) semiconductors may be especially greater critical in forms of attracting digital FDI.

In the case if an economic system is receiving exceedingly low amount of FDI in a particular sector, it could want to adopt targeted policies, rules and measures. In each of the graphs under, the G20 average is supplied for the level of inward FDI for each of the six enabling sectors between 2010 and 2020.

The statistics is shown each in terms of capital flows and number of initiatives as well as the relative proportion of each one. It is very important to bear in mind that the wide variety of initiatives, and not just simply the cost of capital, for the reason that some sorts of investment will not therefore require as large capital expenditures (e.g. those in software & IT offerings) in comparison to others (e.g. the ones in communications). Both capital flows and the variety of initiatives therefore need to be taken into consideration together to attain the full picture.

This brief provides the same information for the individual G20 financial system in Appendix 2. Policy-makers can therefore benchmark how they're doing relative to different G20 economies and also the G20 averages. They will then remember adopting focused guidelines, guidelines and measures to boom FDI in the sectors that they desire to strengthen.

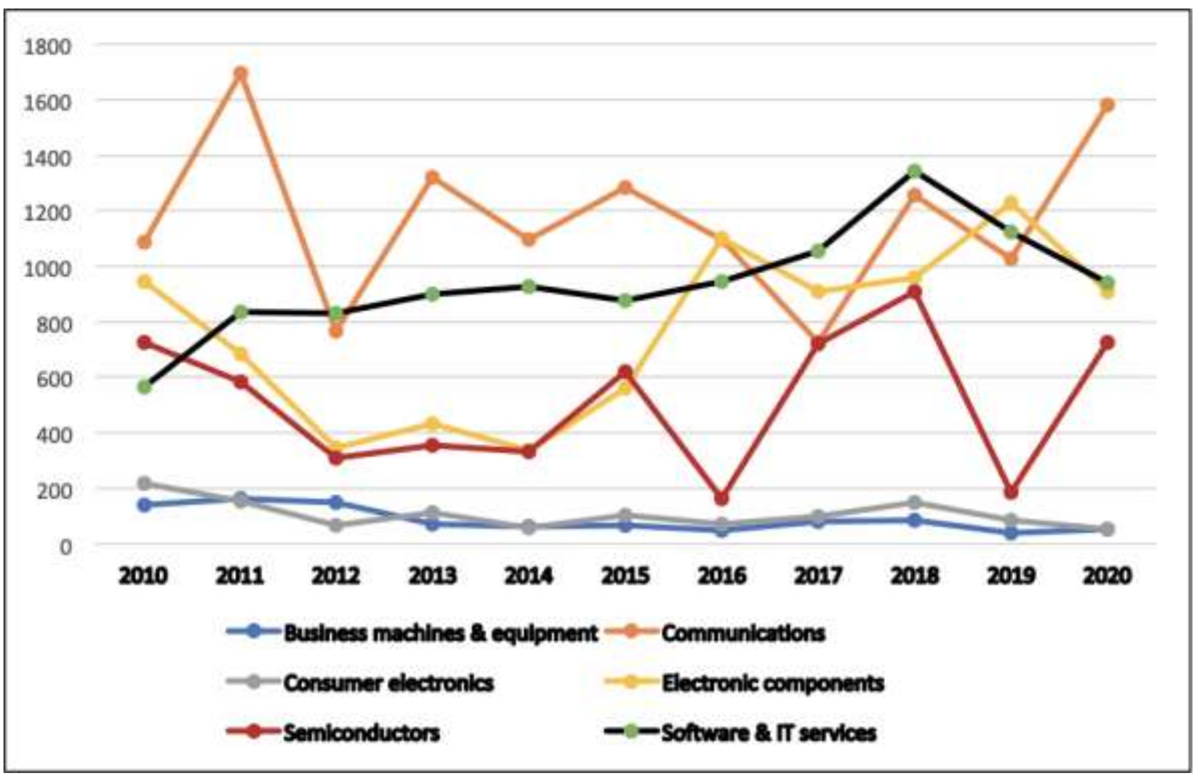


Figure 3.5 G20 average IFDI capital received per digitally enabling sector (USD million)

Source: Stephenson (2020)

Explanation: The Figure above shows the amount of IFDI investment received for every digitally enabling sector as seen in the picture over the course of 10 years from the year 2010 - 2020

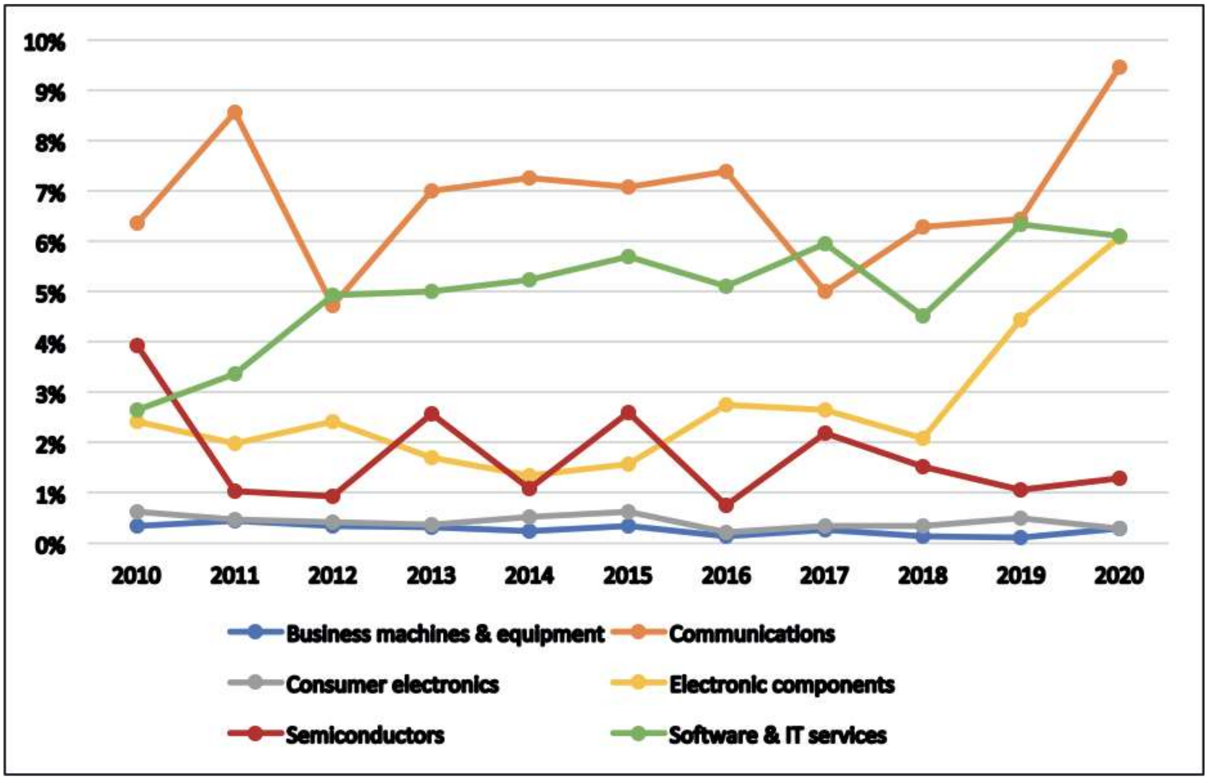


Figure 3.6 G20 average share of capital received in digitally enabling sectors (out of total capital received for IFDI projects).

Source: (Stephenson (2020)

Explanation: The Figure above shows the average share of capital received among G20 countries in digital FDI over the course of 10 years from the year 2010 - 2020

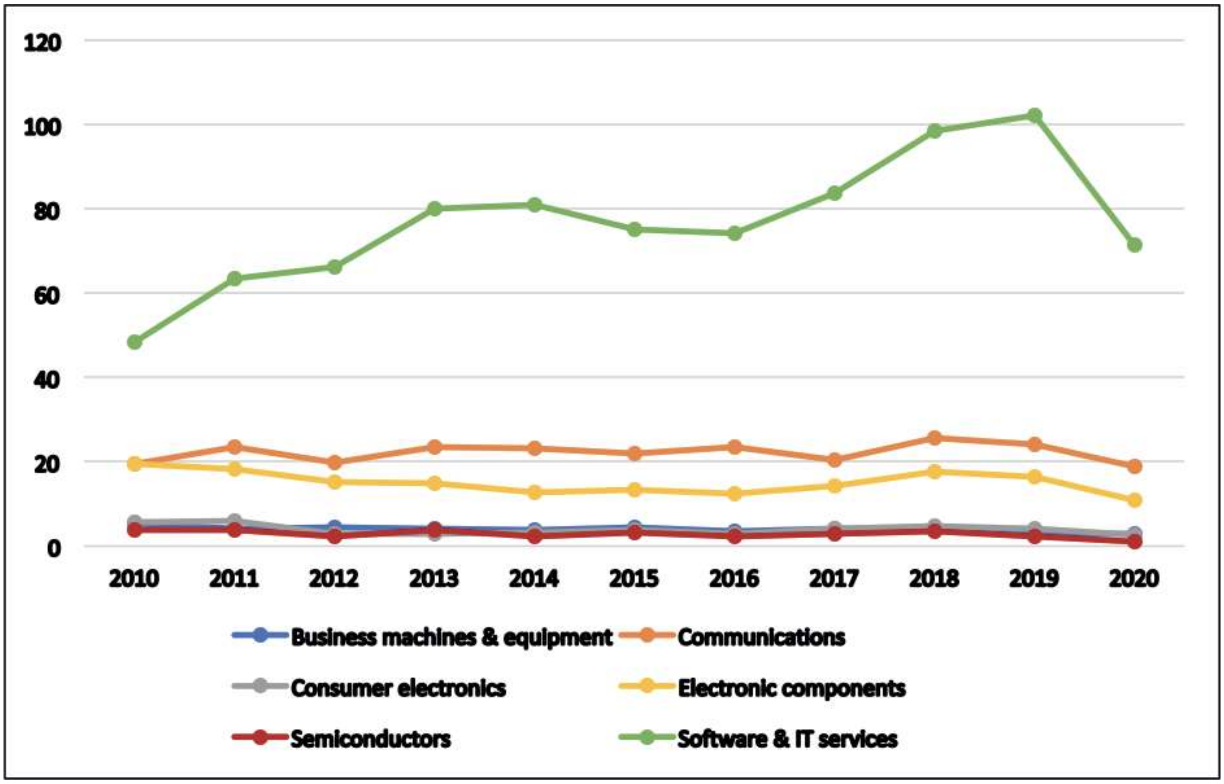


Figure 3.7. G20 average number of IFDI projects per digitally enabling sector

Source: Stephenson (2020)

Explanation: The figure above shows the number of IFDI Projects for every digitally enabling sector like Consumer electronics, Semiconductors, Communications and the likes over the course of 10 years from the year 2010 - 2020

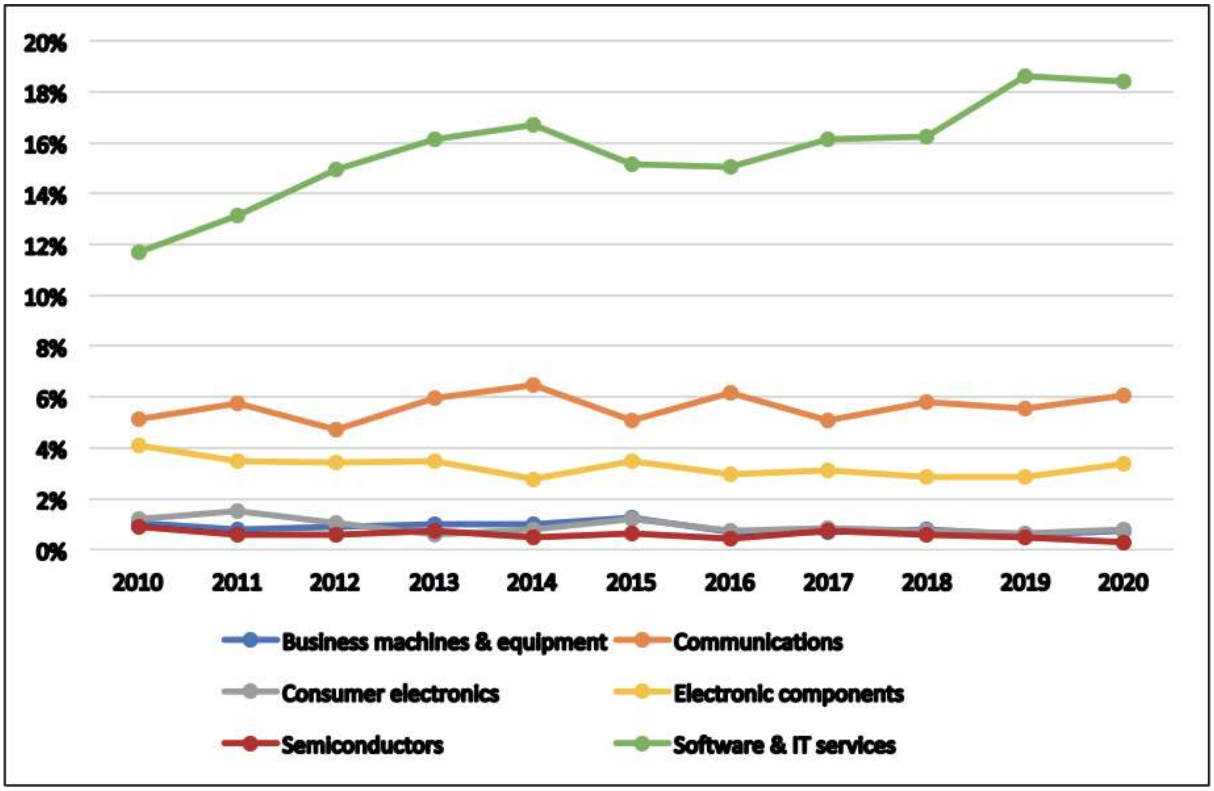


Figure 3.8 G20 average share of IFDI projects in digitally enabling sectors (out of total number of IFDI projects)

Source: (Stephenson (2020)

Explanation: The figure above shows the average share of IFDI projects in digitally enabling sectors which is out of the entire number of IFDI projects over the course of 10 years from 2010 – 2020.

3.2 MTN's Sustainable Economic Value and recommendations on how to better benefit the Nigerian Society

Connecting the unconnected

As a Telecommunication corporation, MTN believes that everyone deserves the good life of a modern-day connected life. It does this by accelerating virtual and economic inclusion with the aid of connecting the unconnected and ensuring that humans attain the social, economic and developmental dividends of being on line. The data strategy of MTN as a corporation is to offer access to customers across distinct segments inside the available markets and addressing the urban-rural divide.

Due to the fact decrease-earnings and/or rural customers make up around 70% of the telecommunication marketplace in Nigeria, MTN keeps striving to provide low-cost solutions – at multiple low-price entry levels – and tailor-made services and products, that connect clients to the worldwide network.

MTN added what's referred to as CHASE framework in the year 2018 so as to allow it overcome the 5 key obstacles to cellular internet adoption named

- Coverage
- Handsets
- Affordability
- Service bundling
- Education and the ease of accessing it

Mobile Financial Inclusion

MTN has strived over the past 10 years to offer monetary Inclusion for its now over sixty-two Million Subscribers in Nigeria and one way of doing this has been through its Mobile Money Technology. Mobile money has transformed the face of financial services both in Nigeria as well as in the African continent. The use of mobile money allows for a generational leap frogging in the way financial service is conducted all across Africa. This fast-developing industry has accelerated financial inclusion, that is an effective enabler of socio-financial development that empowers the most vulnerable in society. In this regard, MTN therefore has the ability and the capability to be a transformational force in mobile financial revolution.

The Mobile Money Business has always in the past included basic money solutions, bills along with in-store till points and remittances, pay as you go offerings like electricity and data, and interoperable mobile wallets, micro-loans and micro insurance. As of now, the telecommunication sector in Nigeria supports the digital economies and marketplaces, connecting clients and businesses in multiple methods and this presents a possibility for MTN as a company to tap into because this enterprise will actually maintain developing over time to return. In 2018, MTN outlined its strategic purpose to attain growth with the aid of increasing its mobile cash supplying from provider-based products and basic transactions to an advanced services ecosystem. MTN's fintech commercial enterprise is still scaling and assisting cashless and digital economies, and the corporation's goal as of now is to transition to an end-to-end platform, creating a digital marketplace and connecting consumers to companies and organizations to businesses. The agency sees this as a huge opportunity to trade the outlook for low-priced, inclusive, understandable and comprehensive financial services in Africa and the middle East.

MTN fosters its digital inclusion approach in its bid for a future financial growth able to empower people including the very vulnerable like women and children.

MTN's digital method is to as a whole lot as possible provide provider access to affordable communications to its subscribers in order that its people as well as the economy it serves can gain the social, financial and developmental benefits of being online as it drives new revenue and data adoption. MTN takes advantage of its established customer base, knowledge of the country itself, its presence on on ground presence in Nigeria, and its clients insights to build a digital ecosystem which span OTT offerings in messaging, media and advertising which aims to bring more and more people into the digital space it's building.

An example mentioned in this thesis is the AYOBA which is a key part of MTN's digital ecosystem and this offers users access to a built ecosystem of virtual and rich media offerings through channels, micro-apps and payment solutions, which are embedded within an African top notch-app. Ayoba is designed to be specially localised and tailor-made for African and middle East customer needs. Ayoba promotes virtual inclusion by way of breaking down the limitations that exist within the Nigerian virtual space such as the little access to the available internet and digital services, a very low-phone penetration, the absense of local content material, as well as affordability to the majority of the people it serves. Customers are able to send and receive encrypted messages, percentage films and photos, files and voice notes and might are capable of join stay channels. The Localized content is available through channels that are curated and aimed toward exciting, educating and empowering communities.

Ayoba exposes contextual MoMo services, which allows customers to make a person-to-person transfers and thereby allowing access to Mobile Financial Services to a majorly and traditionally unbanked market. Having been evolved as an open virtual platform that allows 3rd- party innovation, Ayoba has the capacity to provide each a wealthy in addition to a diversified experience. Companies and content material vendors can therefore engage with their customers using multi-media channels that it provides. This allows MTN to deliver more than expected value to a wide range of consumers by creating experiences that are optimised for the local communities.

In collating this thesis, we recognized some of the biggest risks to value creation that MTN is exposed to primarily based on its 2020 Nigeria Annual document. In the year 2020, MTN analyzed and evaluated numerous key threat exposures of its operations in Nigeria. In doing so, we took into account the residual risk rating of each exposure considering the possibility of the risk taking place, the effect have to it materialise and the mitigation techniques in place.

The major risks faced by using MTN Nigeria have been labeled primarily based at the six (6) chance classes;

1. Strategic
2. Compliance
3. External

4. Operational

5. Financial

6. Technology

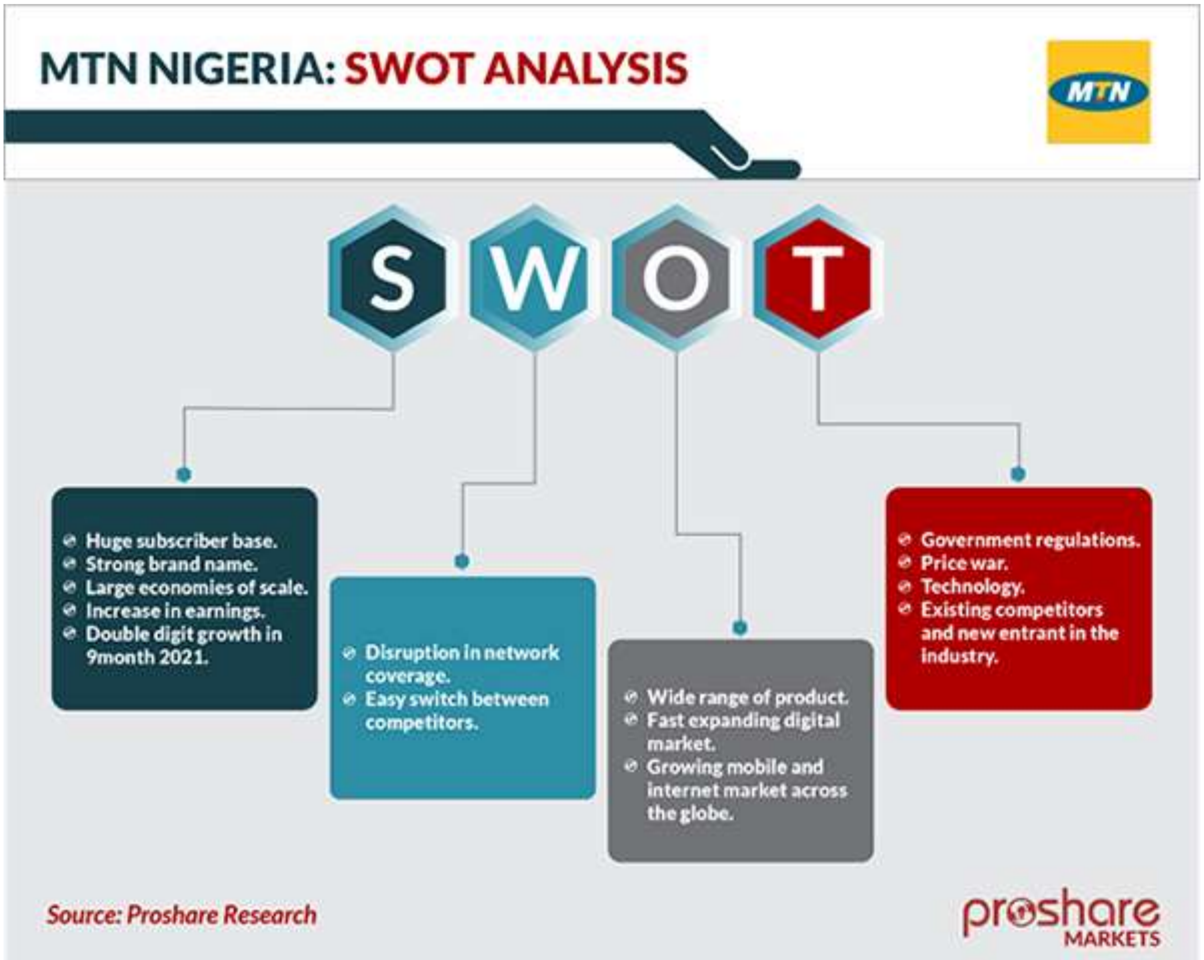


Figure 3.9.

MTN Nigeria SWOT Analysis Chart

Source: (Mtn.com)

The chart above virtually depicts the diverse threats MTN as a enterprise has to fight with in order to preserve its lead in the telecommunication enterprise in Nigeria

3.3 Recommendations for Improving Policies that guide Broadband Services in Nigeria

Well-conceived policy and regulatory prescriptions are essential to the best rollout and uptake of broadband offerings, in order to in the long run assist in the vision for growth that MTN has for Nigeria. The Nigerian government will therefore need to play its own part of the deal for this to be powerful. This it can do by reviewing its rules that govern the distribution of broadband in Nigeria. This will further attract investments by using the hooked up as well as the upcoming service companies and additionally ensure transparency within the regulatory procedure.

This favours all stake holders for the following reasons below:

-The Nigerian government gets to achieve its developmental objectives

-Service providers experience a beneficial business environment for profitability and

-Subscribers get to revel in top and progressive services.

It should then be proposed that Harmonized right of manner/site Acquisition policies and a good environment for constructing and protecting broadband infrastructure will significantly accelerate the rollout of broadband services.

Below are the recommended initiatives

- Expand a framework to encourage operators to collaborate and live within the often agreed RoW fee of just about N145N/m.
- Adopt a technique to further incentivize the implementation of the country’s adoption of N145/Linear Meter for the right of way. (as an example by rewarding states with USPF social intervention initiatives round Security, health and education) Non-compliant states must be denied authorities interventions outrighly

- DUCTS DEPLOYMENT POLICY By developing a policy which allows for provision for ducts to be incorporated in road designs. Develop a framework inorder to further encourage states and Local Governments in Nigeria to build/offer for ducts alongside community roads.
- TOWER DEPLOYMENT POLICY- Develop measures for smart and aesthetic solutions inorder to address the reluctance of the Federal Capital Development Authority and planning authorities in major Nigerian towns like Lagos and Abuja
- LOCAL CONTENT POLICY- To encourage the local sourcing for manufacturing of at least a device brand by giving pioneer status to credible manufacturers in the country. This could also be achieved to encourage the local manufacturing and also the component input and sourcing in telecoms industry whereby it is difficult to make experiences
- GOVERNANCE & MONITORING POLICY – By setting up coverage framework to conduct designated and formal feasibility research in respect of every proposed broadband intervention.

Summary of the Recommendation For Investment Policy Review in Nigeria

This thesis has established a strong connection between Foreign Direct Investment as an investment policy that drives economic growth and business development in Nigeria with MTN Telecommunications as a classical example. As a result, we will make suggestions and recommendations based on the proven facts and figures in this thesis

Some of the restrictive legal guidelines that govern Foreign Direct Investment in the Nigerian business space can be relaxed a little bit to make it more attractive for business ownership and control in Nigeria. (UNCTAD Report; Investment Policy Review of Nigeria, Geneva, December 2008)

Review/relaxation of the Restrictions on Non-Equity contract based Investments

Foreign investors face special restrictions in certain settlement-primarily based investments: N technology transfer: The NOTAP Act allows for the fact that every one technology switch agreements among Nigerian corporations and foreign companions are required to be registered with the NOTAP. generation switch settlement beneath the NOTAP Act include agreements for:

Use of logos and rights to apply of patented innovations; deliver of technical information inside the shape of the guidance of plans, diagrams, working manuals or any form of technical help of any description;

Deliver of primary or exact engineering;

supply of equipment and plant; and provision of working staff or managerial help and the training of employees. The NOTAP ought to consequently encourage this by registering rather than refusing to sign up an agreement where, among other matters, the era to be transferred is freely to be had in Nigeria, there may be a responsibility to accumulate gadget or gear distintively from the foreign partner, or if the contract is for a duration exceeding ten years. The registration of era agreements is a demand for the charge of overseas forex charges through the nearby business enterprise, utilising forex procured from legit banking channels. This definitely means that a Nigerian organization will no longer have get admission to to reliable banking channels via which to pay the overseas investor for any shape of franchising offerings offered with out obtaining the registration from the NOTAP.

The present Nigerian law proffers that Foreigners are only allowed to be employed to fill approved expatriate quota positions in a company which is duly registered in

Nigeria. For it to employ expatriates, a registered company in Nigeria must apply to the Ministry of Interior at first for the grant of expatriate quota in Nigeria.

As it were, The Nigerian Ministry of Interior has the absolute authority to nullify a quota position if it considers that the expertise exists in Nigeria. The Ministry of Interior should therefore consider the availability of Nigerians to staff these positions and where it is of the opinion that Nigerians are up to the task of occupying such positions, the Ministry should allow for the expatriate quota positions and the foreign investor will therefore need to hire local staff for those available positions. If it is granted, an expatriate quota position is usually valid for two years. This in itself can be increased to about 5 years.

A particular quota, the Permanent Until Reviewed (PUR) Quota, can be obtained where the company registered in Nigeria plans to employ only one expatriate for the position of a CEO or country manager. The PUR Quota is usually obtained from the Ministry of Interior, and has the advantage just as the name suggests, it is usually granted for a much longer period of time than the regular expatriate quota.

For instance, The Nigerian Oil and Gas Industry Content Development Act (NOGICD Act) requires all operators and companies in the oil and gas industry to employ only Nigerians in junior and intermediate cadres, and it only permits 5% of the management positions to be retained for foreigners. These said positions must be given an approval by the Nigerian Content Development and Monitoring Board (NCDMB). The NCDMB has the main responsibility of approving the maximum number of management positions of a company. It also provides that Prior to hiring a foreigner, the company has to prove that no qualified Nigerian was found within and outside Nigeria for the management positions. This can also be changed to meet the modern reality of Globalization. The NOGICD Act also requires that the operators in the Nigerian oil and gas industry have to submit a Nigerian content plan to the NCDMB before they carry out any project in the industry. The plan, which should demonstrate and ensure, among other things, that: First consideration is given to services provided from Nigeria and goods manufactured in Nigeria; and Nigerians are given first consideration for training and employment.

Similarly, in accordance to the Private Guards Act, all directors of private guard companies have be Nigerians. Difficult and long procedures for obtaining work permits may be a restriction. After obtaining an expatriate quota, work permits usually referred to as Combined Expatriate Residence Permit and Alien Card can be applied for and issued to expatriate employees for the specific work under the approved quota. The Immigration Act does not specifically make provision for the time within which a residence work permit is granted. However, a work permit is usually issued within a period of two to three months.

Review of the Local Sourcing and R&D Requirements

Although there are no specific laws in Nigeria that demand foreign investors to always use locally produced materials or contractors in order to establish a business in Nigeria, some sector specific legislations impose Nigerian content requirements. As an example, in the oil and gas sector, exclusive consideration is given to indigenous Nigerian companies with respect to the award of contracts. Priority is also given to Nigerian operators and indigenous service companies in the award of oil blocks, licenses as well as works in the sector. To increase Foreign Company participation in this, such laws can be reviewed and a level-playing ground is allowed for both the Nigerian Indigenous Service company as well as their foreign counterparts.

Further, tax incentives should be granted to companies that utilize local raw materials as a way of improving on local content which can better improve the economy.

By law, Foreign investors are not required to invest in the Research & Development of Nigerian origin in order to establish a business in Nigeria. However, tax incentives can however be used to promote investments into Research and Development. About 120% of expenses on R&D are therfore tax deductible by businesses that carry out R&D activities in Nigeria.

Foreign Investment Approval

Foreign Investors usually do not require any FDI approval from a regulatory body, but foreign investors are required to obtain the permits and licenses below prior to commencement of business operations in Nigeria:

NIPC Registration: Every business enterprise with foreign inclination is required to register with the NIPC before they commence business in Nigeria. After registration, the NIPC issues a certificate of business registration to the company. This process can take between 1-2 weeks via the One Stop Investment Center. This process could then be improved on and the period required to obtain it reduced to only few days.

The documents required to register with the NIPC include the following

- A Complete NIPC Form; Incorporation documents of the company, i.e, Memorandum and Article of Company; Form CAC 1.1. (Application for Registration of Company);
- A Letter of Authority from Company (where by a third party is undertaking the registration and serving as a guarantor); Evidence of payment of registration fee of ₦17,000 (which is approximately US$42.00). There could be a fee waver in such case

Business Permit Registration: A business permit is required if a company is fully owned by foreign investors or in a Nigerian registered joint venture. Such a permit authorizes a company with foreign equity participation to carry on business in Nigeria. The registration typically takes two to three months to complete. Registration with the NIPC is one of the prerequisites for obtaining a business permit from the Ministry of the Interior.

Documents needed for Business Permit Registration included the following below

- Evidence of payment of processing and registration fee;

- Incorporation documents of the company, that is, Memorandum and Article of Company; Form CAC 1.1. (Application for Registration of Company);
- A copy of the Company's feasibility report;
- A copy of the Company's current Tax Clearance Certificate; and A copy of the lease agreement for Company's premises;
- The Company's Bank Letter of reference. If foreign investment involves the importation of foreign technology, the approval of NOTAP would therefore be required which in some case can take up to 3-6 months. Specific regulatory approvals may be required in certain commercial sectors, such as a communications license, banking license or petroleum permits. It also needs to be stated that this has an effect which is equivalent to the Nationalization (Section 2B- Nigeria's International Legal System).

Restrictions on Inflow and Outflow of Investment

Few regulations or approval necessities observe to the inflow of finances to Nigeria or repatriation of profits from Nigeria (the net of applicable taxes and challenge to other fashionable compliances). The NIPC Act states that a foreign investor shall be "assured unconditional transferability" of price range through a certified supplier financial institution in freely convertible foreign money of dividends, income, hobby payments in opposition to overseas loans and remittance of profits from sale or liquidation, net of relevant taxes. As such, foreign buyers can freely switch abroad their funding proceeds through authorized provider banks in Nigeria. Foreign investors are required to obtain certificates of capital importation within 24 hours of the inflow as proof of the inflow. The certificate are issued with the aid of the legal supplier banks (that is, certified banks) thru which the inflow become obtained. The certificate of capital importation additionally allows repatriation of the funds from the equity funding or loan through an authorized provider in freely convertible forex. foreign buyers are granted get entry to to the authentic foreign exchange marketplace for the conversion and repatriation of the budget in which the initial influx is evidenced by using a certificate of capital importation. restrictions are placed on the remittance of technical charges as stipulated via the NOTAP. The technical fees are commonly based on the proportion of turnover and range among 0-5% of internet income relying on the complexity of the technology. Agreements concerning excessive technology including petrochemicals, space, biotechnology, complex

CONCLUSION

It is imperative to know that the growth of Nigeria economy measured by its GDP is largely dependent on a favorable investment policy of which the Foreign Direct Investment Policy is a key factor here.

Measures taken in the past by previous government to limit or restrict foreign direct investment in the Nigerian economy in favour with the more restrictive policies like the Indigenization policy has simply set the Nigerian economy aback.

Suffice it therefore to say that no country can develop or achieve its full economic potential without a good measure of FDI inflow.

The economic development of the country can be a measure of the success recorded in the telecommunication industry and in this case MTN group of company was used as an analogy of the impact that the development of Investment policies has on economic growth and businesses in Nigeria.

The thesis found an existing relationship between Investment policies like the Foreign Direct Investment Policy adopted by the Nigerian state in the year 1995 and economic growth and development as witnessed by the demonstrated increase in Nigeria's Gross Domestic Product as well as the telecommunication boom witnessed in Nigeria in the early 2000 when MTN started its operations in Nigeria.

Having established this relationship, it is therefore imperative for the Nigerian government to design a blue print architecture and improve on its investment policy by making it favourable towards an open economy that encourages Foreign Direct Investment the more into the country.

Investments in Nigeria shielded from being taken over by the government under the Nigerian Constitution as well as under a number of the stated laws and other bilateral investment treaties. The constitution of Nigeria gives the same right and treatment to both Nigrerian citizens and foreign citizens gives its citizens (and this includes both locally incorporated Nigerian legal entities as well as their foreign partners) the right to acquire and possess both physically mobile as well as immobile properties. This therefore allows for the prohibition of the government from forcefully taking over or possessing any property or interest in such property in any state of Nigeria, except in a cases where they are prescribed by a law that allows for the immediate payment of compensation and provides for any person claiming compensation a right of access to the courts or tribunals to determine the amount of compensation.

The Nigerian Investment Promotion Commission Act allows for the protection to any business enterprise from being nationalized or taken over by any government of the day. This Act also states that no person who owns the capital of any enterprise shall be compelled by law to give up their stake or their interest in the capital to any other person. The Act therefore restricts the federal government of Nigeria from taking over a foreign firm unless the except in cases whereby it is in the national interest or for a public purpose and under a law which makes provision for (i) the payment of fair and adequate compensation and (ii) a right of access to the courts for the determination of the investor's interest or right and the amount of compensation to which the investor is entitled. It further requires timely payment without undue delay and authorization for its repatriation in convertible currency. This Act accounts for only the directand not the indirect take over. The Land Use Act makes it possible for compensation to be paid to land owners whose titles were revoked in the overriding public interest. Nigeria is also a party to the 15 bilateral investment treaties which is in force and which allows the complete protection against any direct or indirect measures

So in conclusion, efforts have been made to provide answers to all the tasks set forth at the beginning of this thesis and I make a summary of it below:

As for the First task, the better investment Policy was determined in the thesis which is the Foreign Direct Investment Policy as compared to the Nigerian Indiginezation policy which was said to inhibit the economic growth of Nigeria as a country until it adopted the better policy which is the FDI policy as earlier mentioned.

Also, Globalization has a tremendous effect on the flow of FDI to the Nigerian economy and this was demonstrated throughout the thesis.

As for the second task, To determine the various types of regulatory policies that guide investment in Nigeria the Company and Allied Matters (CAC) and the Nigerian Investment Promotion council are seen as the major regulatory bodies that regulate the investment activities in the country and they have contributed to the growth of FDI in no small means in Nigeria as a country.

The third task was able to establish the various thesis that establish the link and relationship between Foreign Direct Investment and the economic growth of any nation. Both the Neoclassical Growth Theory and the Big Push (Schumpeterian Growth Model) were used to establish this link and relationship in this thesis.

As for the fourth task, the relationship between Foreign Direct Investment and Telecommunication growth in Nigeria was established using Formulas. The Regression Analysis-Error Correction Model (ECM) was used to establish this correlation in this thesis. Also, the Unit roots Test Methods were applied in the study which is the Augmented Dickey-Fuller Test (ADF) in addition to the Phillips- Perron Method.

The Fifth task was to analyse the growth of MTN Nigeria and its overall economic contribution to Nigeria and this was well established in this thesis by demonstrating the consistent growth MTN has withnessed since the liberation of the telecommunication sector in Nigeria in the Year 2001 till the present date.

The sixth task extensively showcased various examples of the sustainability report of MTN that has kept it in business as the fastest and the most capitalized Telecommunication industry in Nigeria. It highlighted the various sustainable projects that the company has put in place for its consumers by connecting the mostly unconnected population of Nigeria.

The Seventh task was to determine the competitive benefits of the Digital Foreign Investment as a new or emerging way of staying competitive in attracting FDI especially with the COVID-19 pandemic that brought the whole world under lockdown was successfully established in this thesis.

The last but not the least task which is the Eight Task was to establish the analytical relationship between Foreign Direct Investment and the growth of a company like MTN Telecommunication company in Nigeria. As for this, different statistical analysis were used to infer that indeed there is a positive relationship between FDI and the Economic growth and development of any Nation, Nigeria in this case and MTN as a company of reference in this thesis.

Efforts were also made to analyse the giant strides MTN Nigeria has made in the country ever since its operations in the Nigerian Telecommunication industry.

Finally, It needs to be stated emphatically that digital Foreign Direct Investment is an opportunity to be explored by the Nigerian Investment promotion council if it will get the tremendous opportunities of Globalization in harnessing its full potential of getting a good amount of FDI into the country

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ANNEXES

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