

CROSS RIVER STATE AFTERCARE AND RETENTION STRATEGY



Cross River State Investment Promotion Bureau



- Land Mass – 23,074 Sq. Km
- Population – 4.5 Million People
- Growth Rate – 3.0% PA
- GDP – US\$ 6.5 Billion
- Annual PCI US\$ 3000
- Av. ROI – 30%
- Work force – 1.7 Million People
- Economic Growth Rate – 6.33%
- One of Safest State in Nigeria
- High Quality of Life
- Political Stability
- Universities and Colleges
- Agro Processing Zone
- Free Trade Zones
- International Sea and Air Port
- World Class Shopping Malls
- Nigeria Biodiversity Hotspot
- Vast arable land for Commercial Agriculture
- Nigeria's No 1 tourist Destination



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ACRONYMS

Cross River State Investment Promotion Bureau CRSIP

Cross River State CRS

Global Competitive Index GCI

Gross Domestic Product GDP

Investment Promotion Agency IPA

Investment Promotion Bureau IPB

Key Performance Indicators KPIs

State Planning Commission SPC

World Economic Forum WEF

EXECUTIVE SUMMARY

The government of Cross River State has decided to develop a Foreign Direct Investment (FDI) Attraction and Retention Strategy and Action Plan covering five years from 2025 through 2028. The intent is to raise the State's profile and to initiate lead generation activities resulting in new foreign investments.

This document is aimed towards formulating an Investment Aftercare and Retention Strategy for the Cross River State Investment Promotion Bureau (CRSIPB). It entails developing criterion for prioritizing investors to receive aftercare and retention services.

It also detailed Services pillars to be provided to investors which covers administrative, operational and strategic services.

The business retention and expansion strategic thrust and programmes covers: Good economic governance, communication, strategic partnerships, and service delivery with key programmes such as Improved governance, Human resources management and institutional transformation, Communication and information interventions, Improved service delivery and connectivity, and Business regeneration and development.

The Monitoring and Evaluation will involve adopting: 1. key Performance Indicators (KPIs): Metrics to track program effectiveness, such as retention rates, expansion investment, and job creation, 2. Data Collection and Analysis: Systems for collecting data on investor satisfaction and program impact and 3. Reporting Mechanisms: Regular reports on program progress and outcomes.

INTRODUCTION

Purpose

The strategic rationale for investing in aftercare and retention. The global importance of aftercare and retention is that existing investors provide greater returns than new ones through reinvestment, expansion, and local supply chain development, contributing to economic growth, job creation, and knowledge spillovers. Focusing on retaining businesses and helping them expand is often more effective and efficient for investment promotion agencies (IPAs) and economies than solely concentrating on attracting new investments.

Vision

To position Cross River State as one of the most preferred destinations for sustainable investment in Nigeria.

Mission Statement

The Cross River State Investment Promotion Bureau will partner with strategic stakeholders, in both public and private sectors, to attract, diversify, promote and expand sustainable investments that contribute to stimulating sustainable economic growth in the State.

Goals and Objectives

- **Increased Economic Impact:**
Retained companies tend to reinvest, creating more jobs, and expanding their operations, thereby increasing their overall economic contribution.
- **Local Economic Integration:**
Aftercare helps embed foreign firms into the local economy by fostering relationships with local suppliers and service providers, leading to positive spillovers.
- **Knowledge and Skill Development:**
Established firms can serve as a hub for transferring technical knowledge, best practices, and management skills to local businesses and workers, enhancing the local workforce and innovation.
- **Improved Reputation and Trust:**
Effective aftercare services can build trust and loyalty with investors, which can lead to positive word-of-mouth and a stronger reputation for the host country or region as an investment destination.

Program Scope

This strategy document is targeted at all existing Foreign and Domestic Investments/ investors, Micro Small Medium Enterprise in priority sectors of the state economy covering Agro value chain, Service providers, Manufacturing, Logistics, Trade, Real Estate, Mining, Tourism and Hospitality and Infrastructural Investment across all the senatorial districts in the state.

SITUATION ANALYSIS

Inventory of Existing Investors

An overview of established investors in Cross River State is mostly characterized by presence of availability of natural resources, demands and strategic location, amongst others.

The state client base can be characterized into Foreign Direct Investments, Domestic Direct Investments and Local Investments.

The foreign Direct Investments includes global brands like Wilmar International (Palm Plantation and Processing), Spar Nigeria Ltd (Mega shopping Mall), Lafarge/ Unicem (Cement Manufacturing), Niger Mills and Several Chinese company clusters, amongst others.

Domestic Direct Investors includes Dangote Group, 2 to 5 stars Hotels, Commercial Banks, and others predominantly in the Mining and Oil and Gas Sectors.

Cross River State Local Investors consists of mostly local enterprises predominantly in the Agro Value chain, followed by Tourism, Transport and Service accounting for 60 percent of the state economy.

Those engaged in export activities exhibit a narrow export mix and are heavily dependent on Federal Government incentives and financial package as the main outlet for their products. However, in contrast to the sole proprietorship management structure of most of the SMEs, CRSIPB clients are mainly limited liability companies and exhibit new formal management structures.

Among CRSIPB clients, there are several crucial differences between local and foreign investors. Most foreign enterprises provide information and communication technology (ICT) and business services. They are more capital-intensive and tend to be larger firms. Whereas the majority of local enterprises are in the rural areas, foreign enterprises are mostly in areas close to raw materials. In terms of industrial location, foreign enterprises are located in Southern Senatorial Districts, while local enterprises are concentrated in rural areas.

Some of the challenges faced by investors in the state includes:

1. Low level of purchasing power especially in the rural area
2. Lack of dispute settlement mechanism
3. High cost of transportation
4. Low level of infrastructure coverage
5. Low level of Access to credit
6. Duplication of mandate by some Government Ministries, Departments and Agencies
7. Poor communication structure/ channel between investors and government
8. Security architecture of the state

Investor Profiling

Investors play a crucial role in fueling growth by providing capital to companies in exchange for potential financial returns. Whether retail or institutional, investors have varying strategies and motivations that shape market trends and corporate decisions. For CRSIPB, understanding how to attract, engage, provide aftercare and retention services to investors is essential for long-term success.

Investors decide based on their financial objectives, timelines, and risk tolerance. Their motivations significantly influence their strategies, ranging from cautious investments aimed at preserving wealth to aggressive tactics seeking rapid gains.

Some prominent strategic business development needs by foreign and local investors are:

- Improving product quality to compete globally
- Training of locals to reduce cost of expatriates
- Adapting products to target markets
- External finance

- Receiving FDI
- Good relations with government
- Increased use of local suppliers
- Linkages with Trans National Companies.

SWOT Analysis: Strengths, Weaknesses, Opportunities, and Threats related to the investment climate for established firms.

An analysis of Cross River State's strengths, weaknesses, opportunities, and threats (SWOT) related to the investment climate has been conducted to provide a comprehensive understanding of the investment landscape.

Strengths

- Presence of vibrant investment promotion agency
- Strategic geographic location with access to international trade routes.

Established infrastructure, including industrial clusters and an export processing zone.

- Proactive government policies to promote ease of doing business.
- Diverse economic activities across key sectors.
- Strong political support for investment initiatives.

Weaknesses

- Limited access to financing for small and medium enterprises (SMEs).
- Gaps in advanced infrastructure development in some areas.
- Bureaucratic hurdles in administrative processes.

Opportunities

- Untapped potential in climate-smart agriculture and renewable energy.
- Expanding light manufacturing and processing industries.
- The state's natural attractions drive growth in tourism and hospitality.
- Increased interest in Public-Private Partnerships for infrastructure development.

Threats

- Global economic uncertainties impact investor confidence.
- Security challenges in certain regions.
- Competition from other states with similar investment propositions.

With its strengths and opportunities outweighing its challenges, Cross River State is well-positioned to attract and retain significant investments.

CRITERION FOR PRIORITIZING INVESTORS TO RECEIVE AFTERCARE AND RETENTION SERVICES

- Existing Investors and Their Business Development/Expansion Needs
- Investment Project with capital base at minimum One Hundred Million Naira.
- Investors in the Information and Telecommunication Sector willing to extend Fibre Optic Infrastructure to the rural areas
- Large Scale investor willing to establish capital intensive investment project in the rural area
- Investment Project with potential to create at minimum 500 jobs for the local community
- Large Scale Agro-value chain projects
- Large scale investor/ investment willing to integrate Local Enterprises in the supply chain
- Large scale investment/investor willing to train local firms and outsource services to such local firms
- Large Scale investment project with potential to provide goods and services for export

THE MAIN TYPES OF SERVICES TO BE PROVIDED TO INVESTORS

Aftercare Service Pillars:

As a standard IPA tool for investment promotion, aftercare focuses on addressing the needs of established TNCs and their affiliates in host countries. Young and Hood (1994) define aftercare as “all potential services offered at the company level by governments and their agencies, designed to facilitate both the successful start-up and the continuing development of a foreign affiliate in a host country or region with a view towards maximizing its contribution to local economic development”.

Within this context, building on a survey of best practices across the globe, UNCTAD (2007b) divides aftercare services into three categories: (a) administrative, to enable and facilitate TNC operations in the host country by, for example, helping them obtain permits; (b) operational, to help TNCs achieve operational efficiency and effectiveness through, for example, export promotion schemes; and (c) strategic, to enable TNC progress along the corporate development path, by supporting their efforts to develop new capabilities for strategic expansion.

Within this wider context, effective aftercare begins with a clear understanding of the problems facing investors during the start-up phase as well as in their daily operations and expansion activities. While some problems may be solved through the guidance and intervention of IPA, many will require the assistance of other public institutions and decision makers.

At that point, policy advocacy and investor targeting become a natural outflow of aftercare. With an eye to development, this approach helps ensure the maximum utilization of local production capacities, enhance

backward and forward linkages within the economy, facilitate the transfer of technology to priority sectors and ensure that economic and regulatory restructuring is conducive to investment.

○ **Administrative Services:**

- Facilitating permit and license acquisition.
- Offering guidance on regulatory compliance.
- Acting as a liaison with relevant government MDAs

○ **Operational Services:**

Supporting day-to-day operations, including supply chain development and access to local suppliers.

- Providing industry-specific market reports and analysis.
- Offering insights into consumer trends and demands.
- Conducting market surveys to identify growth opportunities.

○ **Strategic Services:**

- Organizing industry-specific events and conferences.
- Facilitating introductions between investors and relevant stakeholders.
- Creating a platform for collaboration and knowledge sharing.
- Assisting with expansion, new capabilities, and future corporate development.

AFTERCARE, RETENTION AND EXPANSION STRATEGY

This approach forms the broad conceptual framework of the proposed aftercare, retention and expansion strategy.

As a starting point, the strategy targets enterprises benefiting from the Cross River State Investment Promotion Bureau Law No. 9 of 2008, State PPP Law and other state investment related laws. This group comprises local medium and large enterprises, which together constitute the clients of CRIPB.

The strategy will be executed primarily by CRIPB, given its leading role in dealing with investors and formulating investment policies. The CRSIPB Law mandates bureau to coordinate all investment activities in the state, advocate for improvement of the CRS investment climate, and creation of a “one-stop shop” to facilitate all procedures and approvals for investors, attract investors and maintain a registry of investments.

This section presents the Business retention and expansion framework and strategic interventions. It recommends strategic interventions required to improve the Cross River State Investment/ business support environment in a manner that will facilitate business expansion.

It addresses the following components:

- Theoretical framework of the retention and expansion strategy
- Business retention and expansion interventions
- Priority actions

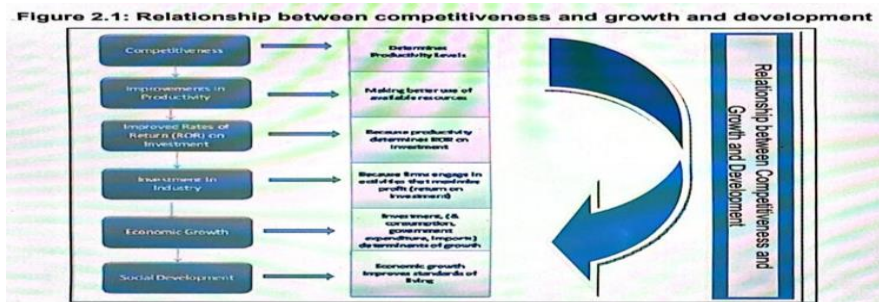
Theoretical framework of the Aftercare, Retention and Expansion strategy

Government, economists, international agencies and organizations have reached consensus that the key to development is first the creation of an environment that is conducive to investment. Across the world, development strategies are based on the idea of stimulating competitiveness, seen as crucial to an environment attractive to investors. Only when this environment has been created, can any measure of success regarding specific project implementation be expected.

As the process of economic globalization picks up pace, shifts have occurred in the relative importance of critical factors that determine productivity, and hence growth, since productivity lies at the heart of growth. Central to productivity is competitiveness, which consists of the set of factors, policies and institutions that determine the level of productivity of an area. Increased competitiveness, through its impact on the efficiency in the use of available resources, enables productivity levels to be raised.

Productivity levels are the key determinant of rates of returns to investment, which in turn determine the rate of growth of an economy. Economies that are more competitive are likely to grow faster in the medium and long term. The relationship between competitiveness, industrial development and growth are illustrated in the Figure below.

This strategy is thus located within the framework of the latest competitiveness theories, namely the theories underlying the World Economic Forum's Global Competitiveness Index (GCI). The GCI provides guidelines to fundamentals that must be in place to attract investment. Factors that determine the underlying competitiveness of locations are both diverse and numerous. The World Economic Forum (WEF) continually updates its methodology for measuring competitiveness in order to keep up with the changing international environment. Presently, the WEF uses a far-reaching measure of competitiveness, developed by Professor Xavier Sala-i-Martin, a leading expert on growth and economic development. The new Global Competitiveness Index (GCI) represents almost two years of collaboration between the Professor, Forum staff, and a broad set of users. It is presently the main competitiveness index used by the World Economic Forum.



The GCI provides a holistic overview of factors that are critical to driving productivity and competitiveness, and groups them into nine strategic thrusts:

- Institutions
- Infrastructure
- Macro economy
- Health and primary education
- Higher education and training
- Market efficiency
- Technological readiness
- Business sophistication
- Innovation

These thrusts and the factors that underlie them are based on the latest theoretical and empirical research. None of these factors can individually ensure competitiveness. For example, the value of increased spending on education will be undercut if inflexibilities in the labour market and other institutional weaknesses make it hard for new graduates to gain access to appropriate employment opportunities.

The most competitive economies in the world are usually those in which concerted efforts are made to structure policies in an all-inclusive manner that recognizes the importance of a broad assortment of factors and their interconnection in a proactive way. The thrusts comprising the GCI will be used as the base for providing guidelines for improving the investment environment in Cross River State in such a manner that a solid foundation may be laid for the development and consolidation of business support and expansion activities.

The Strategy is thus underpinned by theories of competitiveness. Increases in competitiveness allows for improvements in productivity of resources, which in turn improves the rate of return on investment, increasing the attractiveness of investment.

The primary goal of this strategy is to formulate guidelines for the Cross River State Investment Promotion Bureau for retaining the existing businesses, assisting in their expansion, and ultimately attracting new investment.

This goal is supported by the following objectives:

- To create a clear understanding of the State potential
- To improve the capacity of the Bureau with regard to supporting existing businesses
- To identify mechanisms to overcome potential obstacles and ensure successful implementation

GOOD ECONOMIC GOVERNANCE, COMMUNICATION, STRATEGIC PARTNERSHIPS, AND SERVICE DELIVERY	
PROGRAMMES	ACTIONS
Improved governance	<ul style="list-style-type: none"> ➤ Improve intergovernmental relations, co-ordination and planning ➤ Develop partnerships (i.e. business sector, NGO's, organized private sectors) and facilitate institutional demarcation through establishment of economic networks and linkages between entities to ensure coordination of development activities ➤ Strengthen and build a structured 'co-opetition' partnerships with host communities and other nearby strong regional economic centers ➤ Undertake higher levels of interaction between communities and businesses with quality customer care facilities and better service delivery with high levels of maintenance, cleanliness and law enforcement, with associated high levels of public confidence ➤ Lobby with role players (i.e. public works, international funding organizations, etc.)
Human resources management and institutional transformation	<ul style="list-style-type: none"> ➤ Proactively seek to fill all available positions ➤ Undertake staff survey to determine reasons for staff turnover in order to obtain suggestions for retention and initiate staff retention actions ➤ Conduct a staff skills audit to determine skills gaps and required curriculum for training and undertake vigorous and comprehensive staff training programmes ➤ Develop new staff recruitment methods ➤ Set up a comprehensive list of Investment Promotion level economic tasks, functions, and job descriptions ➤ Develop and disseminate procedure manuals for all Investment Promotion tasks and functions ➤ Assist with getting the Investment Promotion Bureau operational and lobbying for implementation assistance ➤ Review and align the organizational structure to strategic objectives
Communication and information interventions	<ul style="list-style-type: none"> ➤ Inventories of all current investment activities, trends, future plans, skills and financial assistance are required. ➤ Establish an Advisory Service Centre and fill the proposed post of the investment officer ➤ A business directory should be created and distributed

	<ul style="list-style-type: none"> ➤ The website requires revision with regard to the contents and information contained therein. ➤ Assist with the revitalization and ensuring continued strength of Investment Promotion in State Economic Development forum clusters by maintaining good working relationship with SPC as economic reference organization. ➤ Draw-up a Terms of Reference and communicate the aims of the SPC and align requirements to this strategy and the SPC strategy.
Improved service delivery and connectivity	<ul style="list-style-type: none"> ➤ Establish an Investment Promotion Bureau services monitor at the Local level, whereby the IPB maintains a clear investment picture to inform planning, prioritization and decision-making ➤ Identify and prioritize economic concentrations that do not have access to investment support infrastructure ➤ Consider unbundling state services provision to stimulate a local service industry ➤ Launch a State-wide infrastructure maintenance and expansion financing strategy towards building a richer range of infrastructure development alternatives in order to speed up delivery. ➤ Utilize existing inter-governmental structures and local economic development forums to lobby the responsible authorities to prioritize key logistical infrastructure linkage investment benefiting CRS ➤ Determine current and future strategic roads and conduct an audit on the state of these roads ➤ Overcome freight logistical isolation by supporting manufacturing of low volume and high value goods. ➤ Facilitate development of Export Registration Service point
Business regeneration and expansion	<ul style="list-style-type: none"> ➤ Evaluation of businesses in the area and high priority retention targets ➤ Identification of the strengths and weaknesses of the current business climate through the undertaking of a business database and annual business confidence/climate surveys in collaboration with Business chamber members ➤ Establishment of assistance mechanisms, including marketing, technology and skills development ➤ Develop commodity working groups and stimulate dialogue over issues and problems within specific sectors/commodity groups in order to stimulate collective action ➤ Setup grievance mechanism to address all segments of grievances related to business attraction and expansion ➤ Support cluster learning networks

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| | <ul style="list-style-type: none"> ➤ Show case successful implementation of SPC initiatives to stimulate existing business confidence ➤ Linkages with the Retention strategy ➤ Identification of business expansion opportunities ➤ Development of mechanism to communicate the identified opportunities to businesses ➤ Formulation and implementation of a business expansion incentive programme. |
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PRIORITY ACTIONS

In order for the implementation of the retention and expansion strategy to take place in an effective, efficient and sustainable manner, there are several priority actions that must be taken by the key role players.

These are outlined hereunder:

- Attend to key infrastructural development needs timeously
- Set reasonable timeframes and keep monthly/weekly track records to effectively evaluate the progress of all necessary actions.
- Have a member of Bureau, preferably a dedicated staff of the IPA, focused exclusively on the implementation of the Strategy
- Appoint dedicated investment officer
- Develop a complete business inventory
- Conduct an annual business survey
 - Improve understanding of businesses' needs and concerns
 - Addresses businesses concerns in a timely manner
 - Assist businesses to link with suppliers/distributors
 - Illustrate pro-business approach of the government
- Launch outreach activities
 - Meetings with business representatives
 - Competitions, i.e. "Business of the month
 - Breakfast with the governor or deputy governor
 - Trade shows, etc.
- Provide assistance to businesses as per the outcomes of the business survey and the outreach activities
- Solve business related dispute through a formally establish grievance mechanism

MONITORING AND EVALUATION

Lastly, any strategy requires a monitoring and evaluation plan so that monitoring and evaluation of how well the economy is performing against set benchmarks can be undertaken.

The number of investors proactively supported by the Investment Promotion Agency per year must exceed at minimum five (5) measured through the following indicators as a proxy for measuring investment attractive and retention:

- **Key Performance Indicators (KPIs):** Metrics to track program effectiveness, such as retention rates, expansion investment, and job creation.
- **Data Collection and Analysis:** Systems for collecting data on investor satisfaction and program impact.
- **Reporting Mechanisms:** Regular reports on program progress and outcomes.

CONCLUSION & WAY FORWARD

This Investment Attraction and Retention Strategy is regarded as a first endeavor to enhance the implementation and realization of the CRIPB objectives and plans towards mobilizing government and the private sector towards accelerated and shared economic growth.

The Investment Attraction and Retention Strategy provides a sufficient basis for future investment and marketing functioning, but can however not be effectively implemented without a dedicated body, such as the proposed investment officer with the sole responsibility of steering the process of business support and promoting business investment opportunities within the State.

The successful implementation of this strategy is also dependent on the coordination and integrated co-operation between the proposed investment Officer and the various departments within the IPB. The proposed officer should not work in isolation towards the investment goals, but capacity building and teamwork should be promoted. This will ensure speedy, improved and streamlined processes, procedures and approvals.