

NIGERIA'S EASE OF DOING BUSINESS SUBNATIONAL INTERVENTION

Presentation to the National Economic Council

SEPTEMBER 2019

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COUNCIL (PEBEC)



NIGERIA'S EASE OF DOING BUSINESS SUBNATIONAL INTERVENTION

Presentation to the National Economic Council

September 2019

Today's update will cover the following areas:

For Information

- Nigeria's Enabling Business Environment Initiative

For Discussion

- Subnational Technical Working Group
- Subnational Baseline Survey

Our Requests

- Appointment of State Reform Champions
- Establishment of State Ease of Doing Business Committees
- Support for Subnational Reforms



Content

- **Nigeria's Enabling Business Environment Initiative**
 - Subnational Ease of Doing Business Intervention
 - Discussion and Next Steps

Building a Competitive Economy: The Nigerian Story

Nigeria set great economic aspirations in the "Economic Recovery and Growth Plan (ERGP 2017-2020)" which has three broad objectives:



Competitiveness is the extent to which a country is able to foster an environment in which enterprises can generate long-term value.



In July 2016, the Presidential Enabling Business Environment Council was established to oversee Nigeria's business climate reform agenda

President Muhammadu Buhari,
GCFR

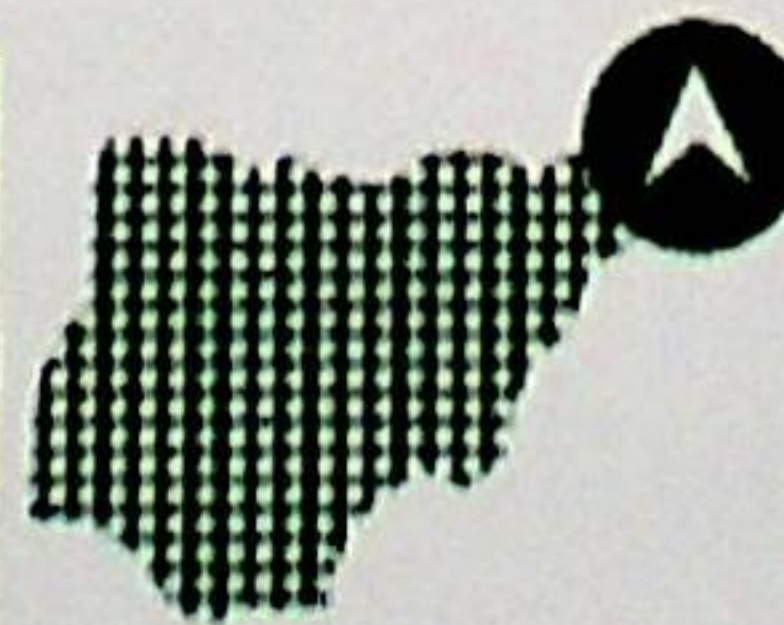


Vice President Yemi Osinbajo,
SAN, GCON



**REMOVE CRITICAL BOTTLENECKS
& BUREAUCRATIC CONSTRAINTS**
to doing business in Nigeria

Top
100



Move Nigeria's
ranking to Top 100
in the 2020 World
Bank Doing
Business Index

“ While we are not unaware of the challenges currently being faced by our businesses, on our part, the Government remains relentless in our goal of removing the obstacles and roadblocks that have long afflicted commercial activity in Nigeria.

H.E VP Prof. Osinbajo SAN, GCON
March 2016

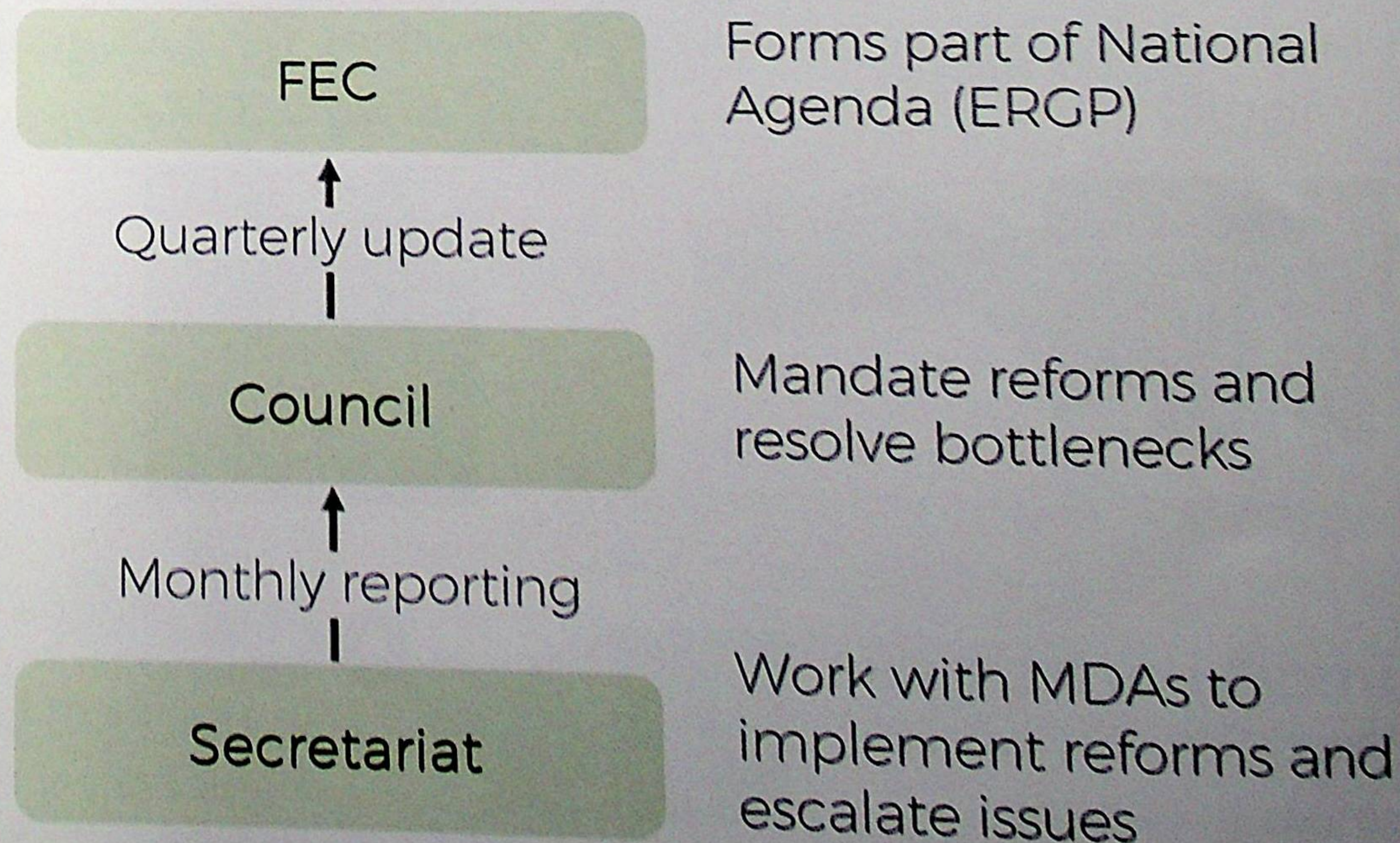
”

The PEBEC model is designed to achieve much needed political buy-in across all arms and levels of government

Council Membership

- Chair – His Excellency, Vice President Yemi Osinbajo SAN, GCON.
- Members – 13 Cabinet Ministers, Secretary to the Government of the Federation, Head of Civil Service of the Federation, Central Bank Governor, representatives of the National Assembly, Judiciary, Lagos and Kano States and the private sector.
- EBES – the Enabling Business Environment Secretariat implements the reform agenda of the PEBEC. EBES became fully operational in October 2016.

PEBEC Operating Model



PEBEC's model aligns with global best practice, and includes a strong performance tracking element that ensures MDAs are accountable for reform implementation



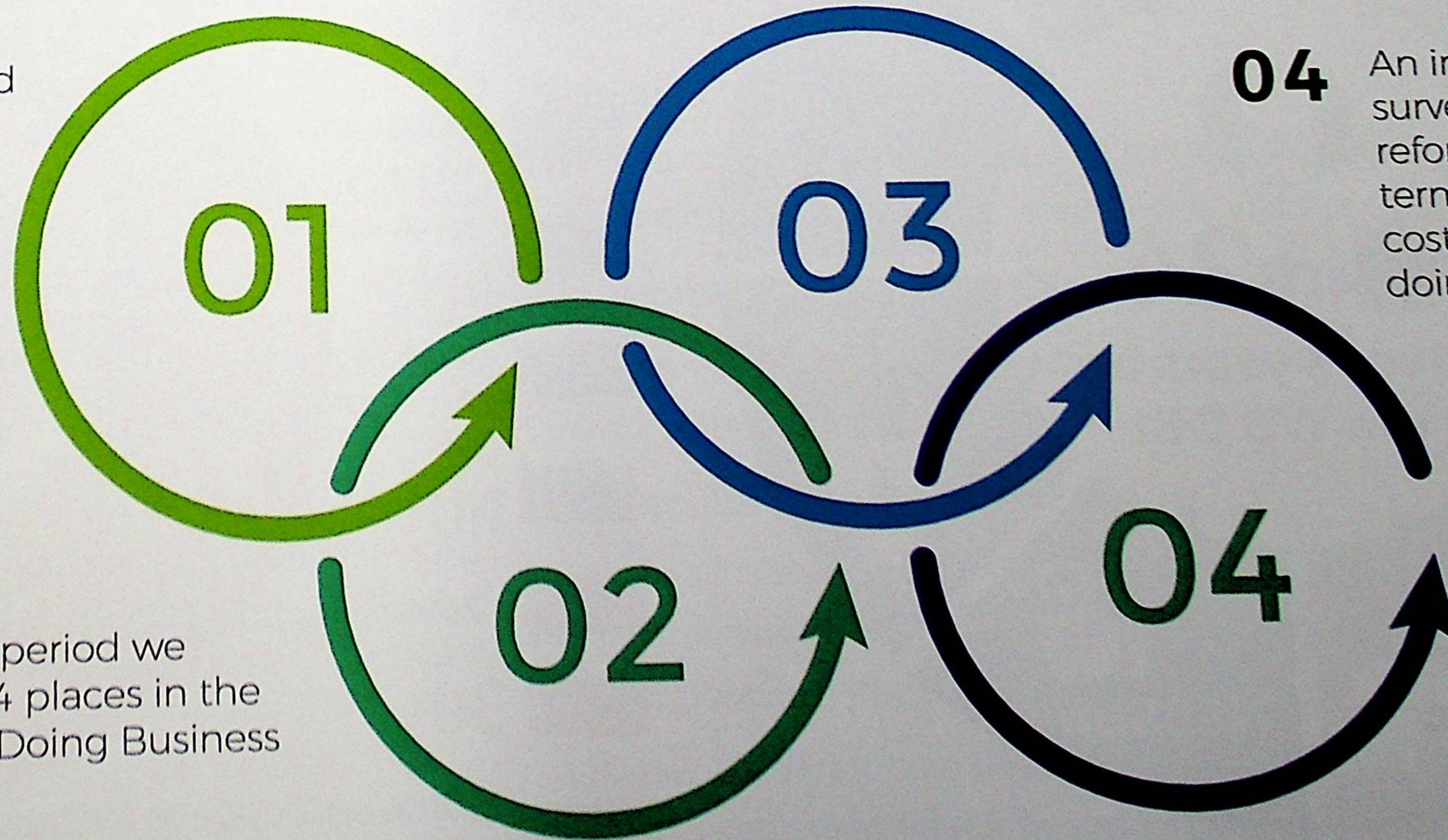
We have the results to show for it

01 Over the past 3 years, Nigeria has increased its score by over 11 basis points and implemented over 140 reforms

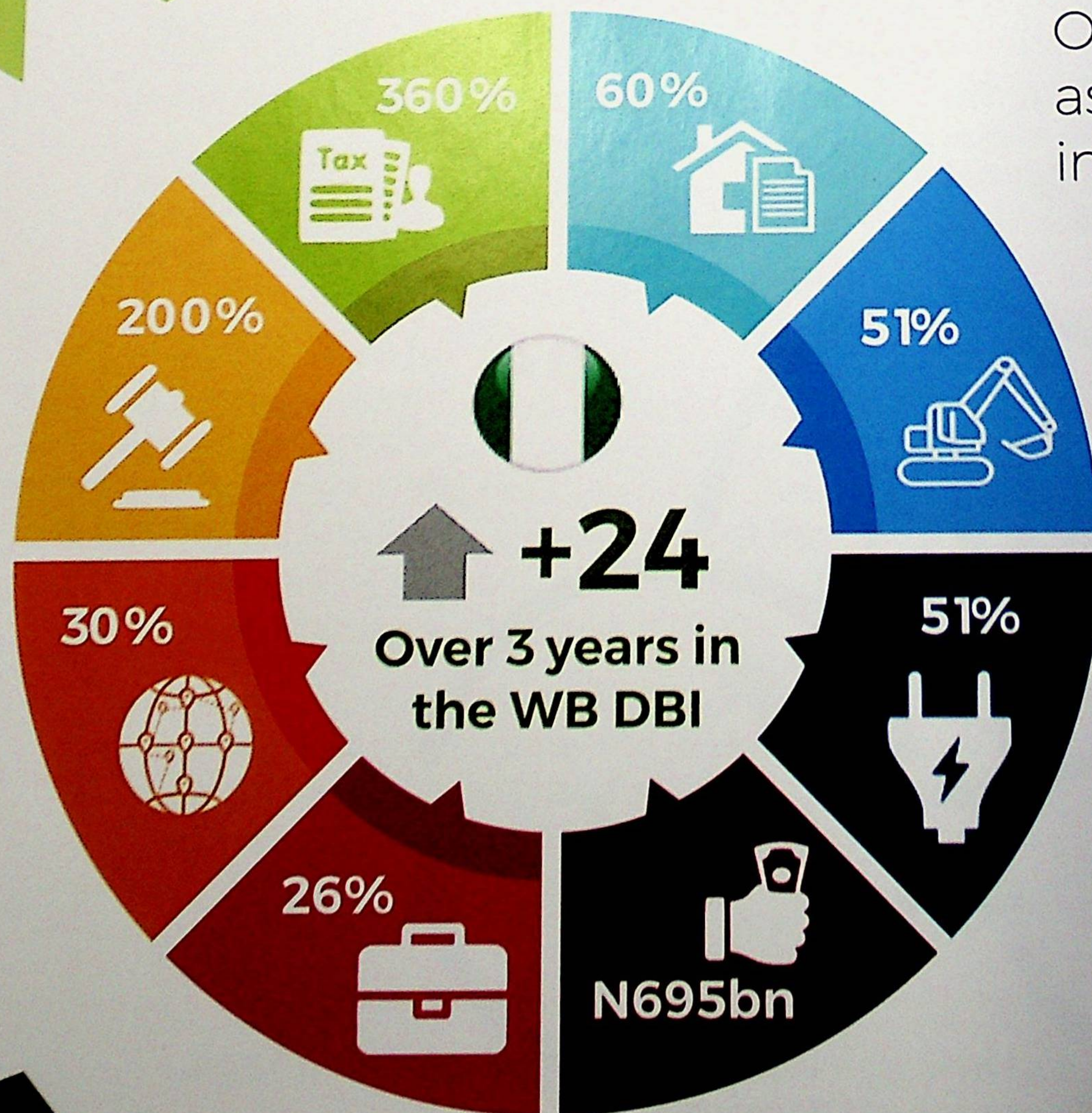
03 32 Nigerian states improved in their ease of doing business environment led by Kaduna, Enugu, Abia, Lagos and Anambra States

04 An independent EoDB survey adjudged Nigeria's reforms as impactful in terms of reduction in time, cost and procedures of doing business.

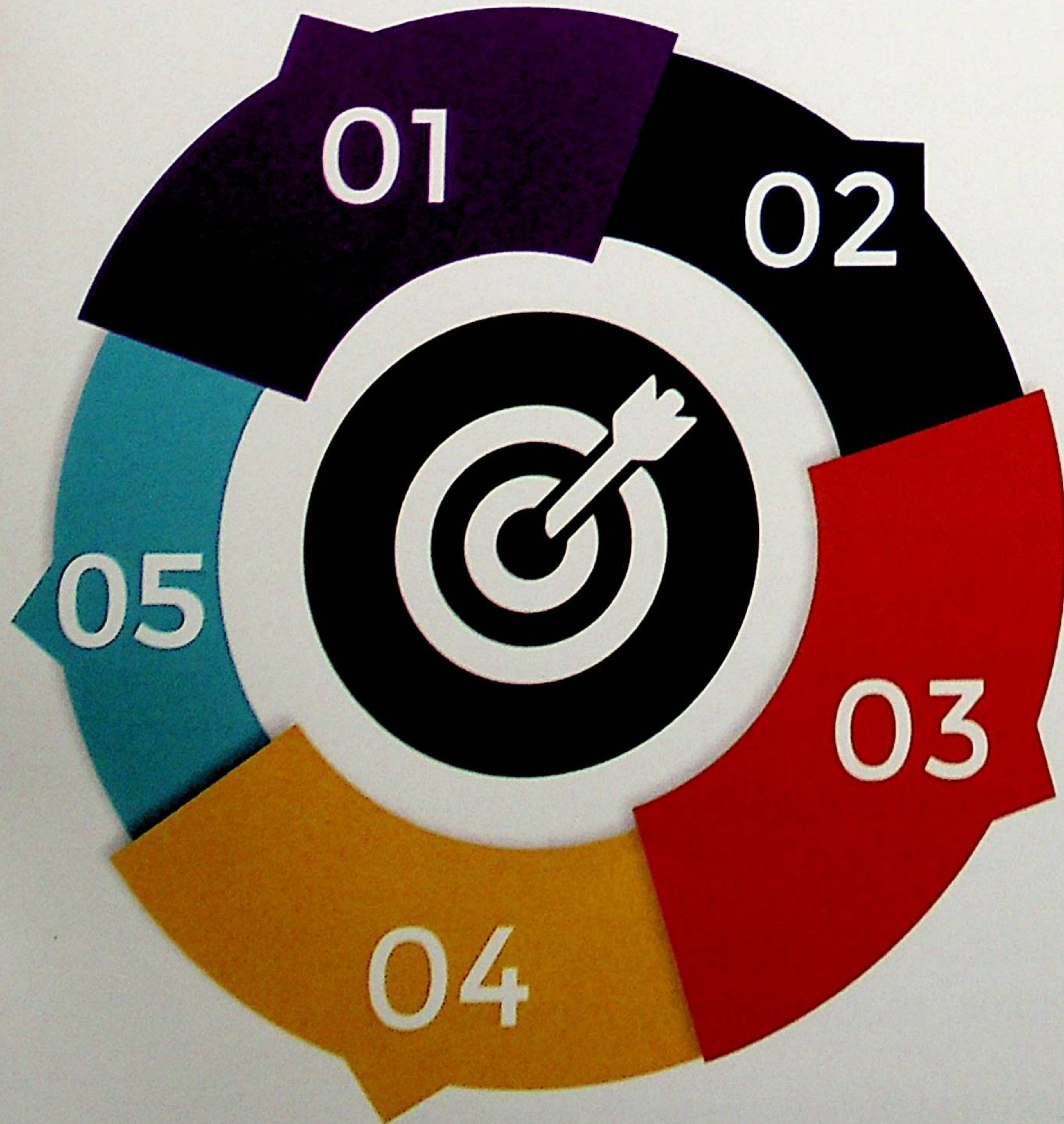
02 In the same period we moved up 24 places in the World Bank Doing Business rankings.



Overall in 2018, an empirical impact assessment showed that 140 reforms were implemented over the last 3 years



- 360%** reduction in time for filing Corporate Income Taxes from 14 days to 72hrs (+14 places in 2019 DB rankings)
- 60%** reduction in time to register property in Lagos and Kano
- 51%** reduction in time to obtain development permit in Lagos from 61 to 30 days
- 51%** reduction in time to get electricity and number of procedures from 9-7
- N695bn** value of over 35,000 financing statements listed on the National Collateral Registry as of October 2018
- 26%** reduction in cost of registering a business
- 30%** reduction in import documentation
- 200%** reduction in average airport clearance time for visitors



PEBEC 2019 outlook focused on implementing the following goals and initiatives

01 The 2020 World Bank Doing Business Index

- We aim to move Nigeria's ranking to sub-100 in the 2020 Doing Business Report



02 Strategic Communications

- We commenced a proactive and deliberate effort to drive communication of completed reforms to key stakeholders and the general public

03 The subnational Business Climate Survey (Baseline Edition)

- We commenced work on the subnational baseline business climate survey across States and Regions

04 Stakeholder Engagement Sessions

- Stakeholder forums were held from Q1 2019 to ramp up awareness and understanding of reforms for sustainability and long-term impact

05 National Action Plan (NAP) 4.0

- A 60-day accelerator ran through March 1, 2019 to April 29, 2019 to drive the 2019 implemented reforms across all PEBEC MDAs

PEBEC continues to drive its mandate of removing bureaucratic bottlenecks in Nigeria's business environment through extensive collaboration:

- 01** with the **National Assembly** on the Companies and Allied Matters Bill, which was passed by both chambers of the National Assembly
- 02** with the **Judiciary** on the institution of Small Claims Courts, and electronic access to judgments
- 03** with **State Governments** across the country on Subnational EoDB Intervention.
- 04** with **Ministries, Departments and Agencies** to implement Executive Order 001 on transparency and efficiency in public service delivery.
- 05** with **private sector and stakeholders** for constructive feedback through the REPORTGOV web and mobile platforms.
- 06** with **key regulators** in health and insurance sectors to institute a Regulatory Reform Project that addresses stakeholders' challenges.
- 07** **AfCFTA Implementation Readiness through enabling business environment**



Content

- Nigeria's Enabling Business Environment Initiative
- **Subnational Ease of Doing Business Intervention**
- Discussion and Next Steps

The Case for Subnational Reforms

Doing Business indicators:

- Focus on **regulations** relevant to the life cycle of a domestic SME.
- Are built on **standardized** case scenarios.
- Are measured for the largest **business city** in each economy, and the 2nd largest business city in countries with more than 100 million inhabitants as of 2013.
- Are focused on the **formal** sector.

Subnational Doing Business :

- Goes **beyond** the largest business city
- Captures **local** differences
- Helps regions tell **their stories** and compete
- Provide **replicable** good practices
- Use media appeal & local government participation to **promote reform**

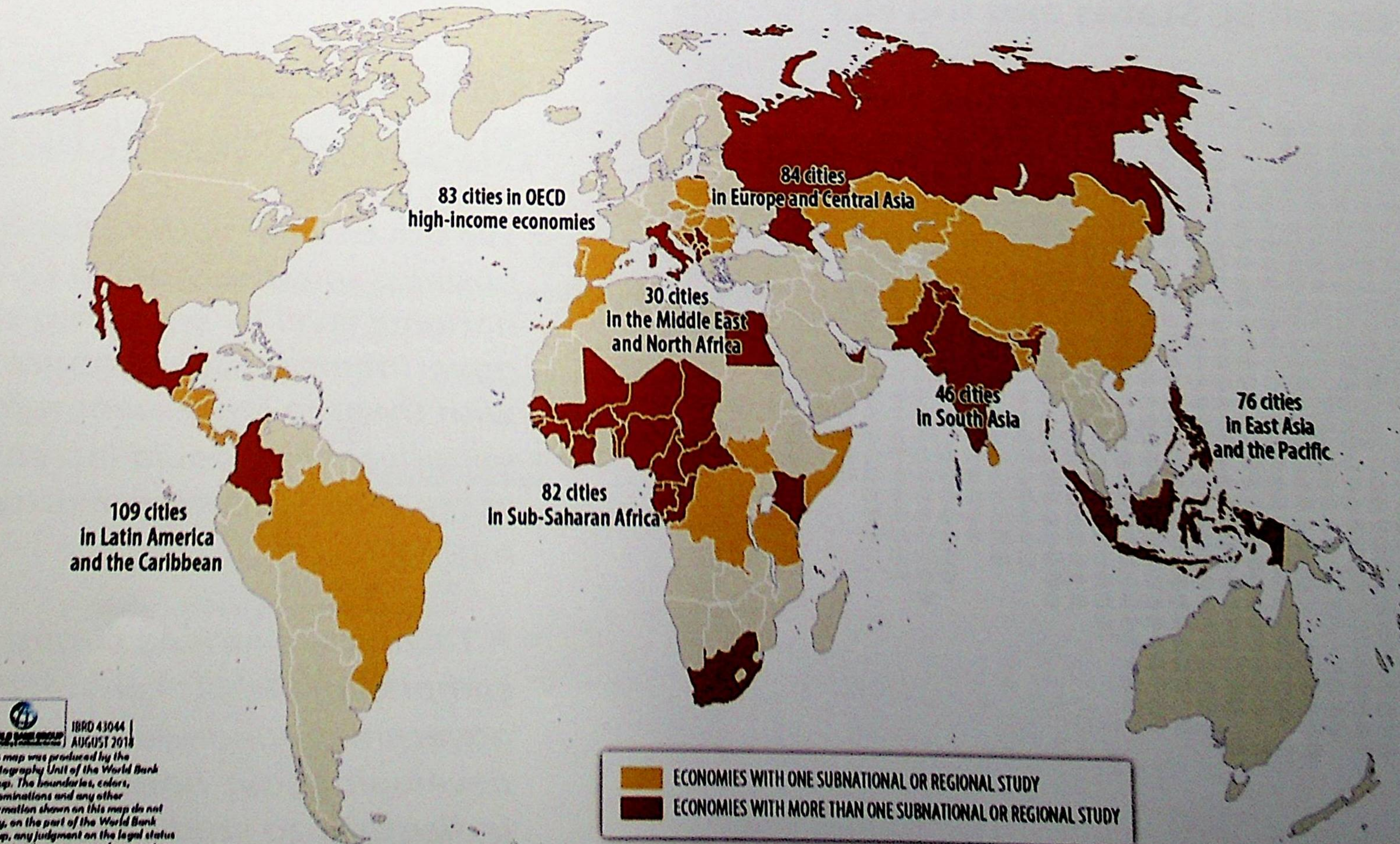
4 DB indicators measured at subnational level

- Starting a business
- Enforcing contracts
- Dealing with construction permits
- Registering a business

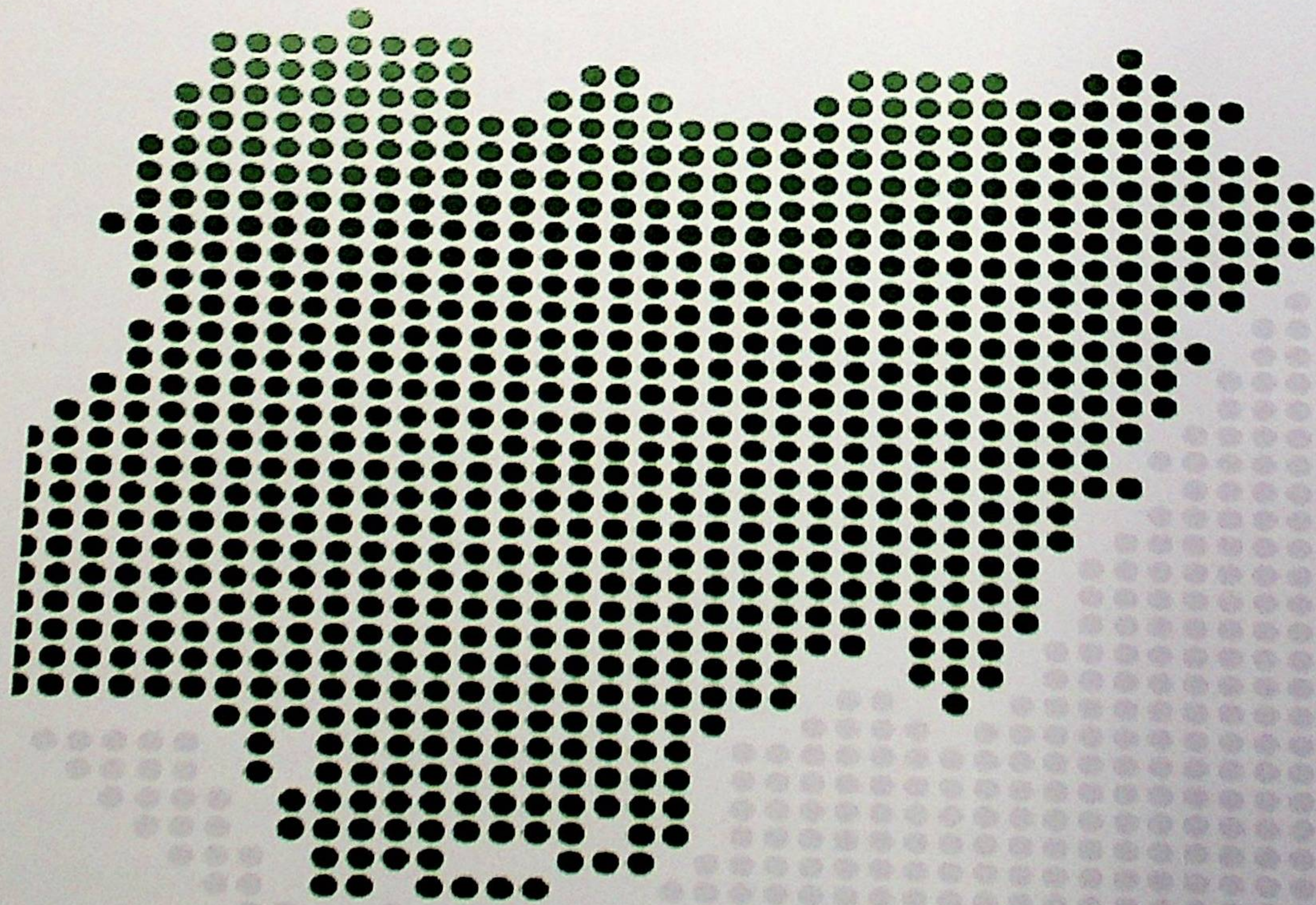
- Subnational report captures differences in business regulations and their enforcement across locations in a single country.
- They provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas.
- Subnational Doing Business studies have benchmarked 510 locations in 75 economies since 2005.
- Identifies bottlenecks, highlights opportunities for improvement and presents best practices.



Subnational Doing Business across the world



Since July 2017, Business climate reforms are also being implemented at sub-national level across all 36 States and the FCT



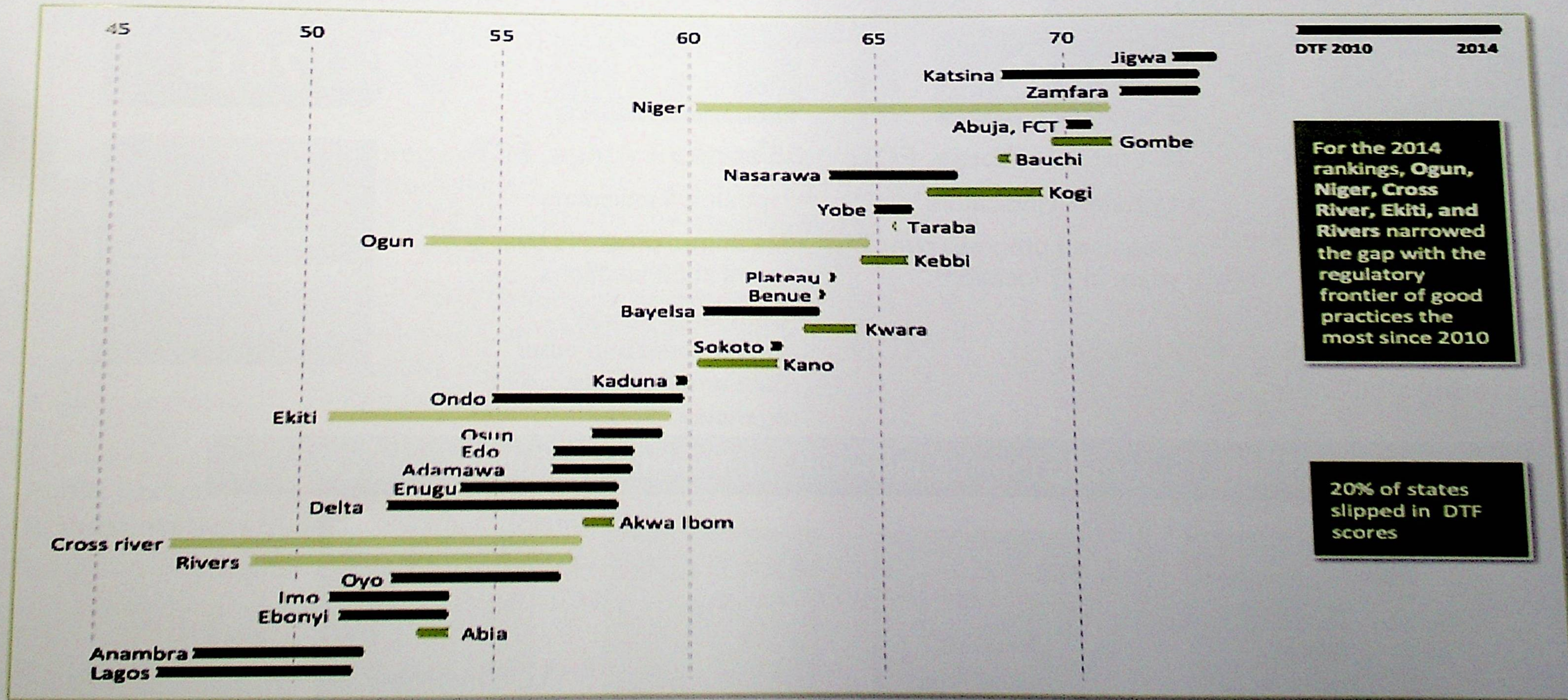
Taking Ease of Doing Business to all Nigerians

- *We are cascading the ease of doing business initiatives down to the sub-national level by **engaging state governments and collaborating with them to implement reform initiatives that would increasingly make their states more attractive to business.***
- *A Technical Working Group comprising key stakeholders across government and private sector are developing **four home-grown indicators, to study and showcase the business climate reforms across Nigeria.***

Source: Enabling Business Environment Secretariat (EBES) September 2019



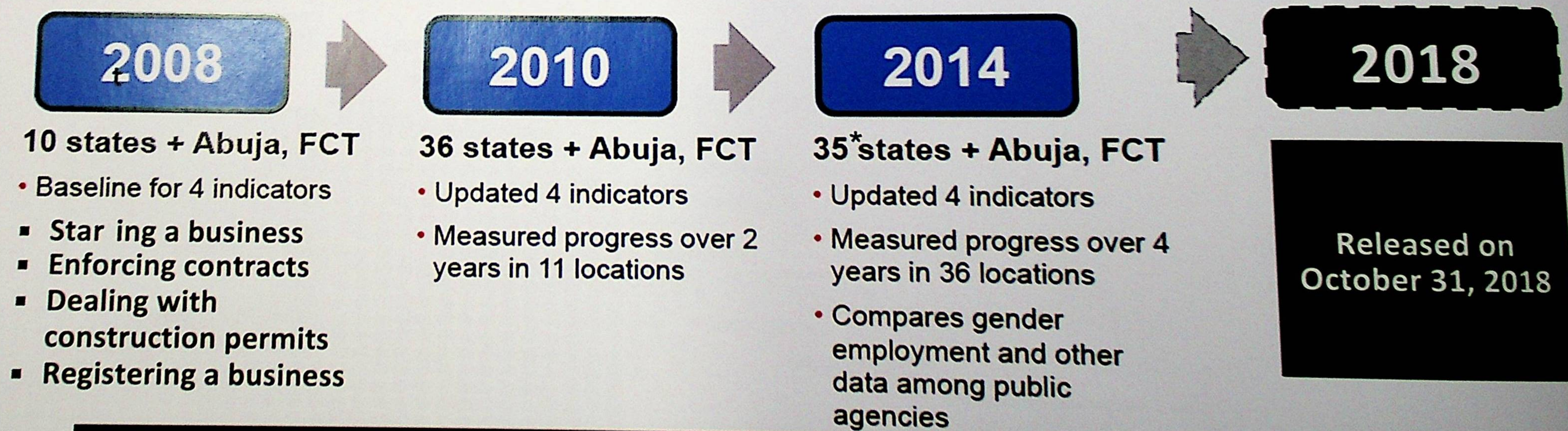
The Subnational Doing Business rankings for Nigeria (2010-2014)



For the 2014 rankings, Ogun, Niger, Cross River, Ekiti, and Rivers narrowed the gap with the regulatory frontier of good practices the most since 2010

20% of states slipped in DTF scores

Historical performance of States across four WB indicators over time



Nigeria is one of only 18 participating countries in the World Bank Subnational Exercise



Source: Doing Business in Nigeria 2008, 2010, 2014

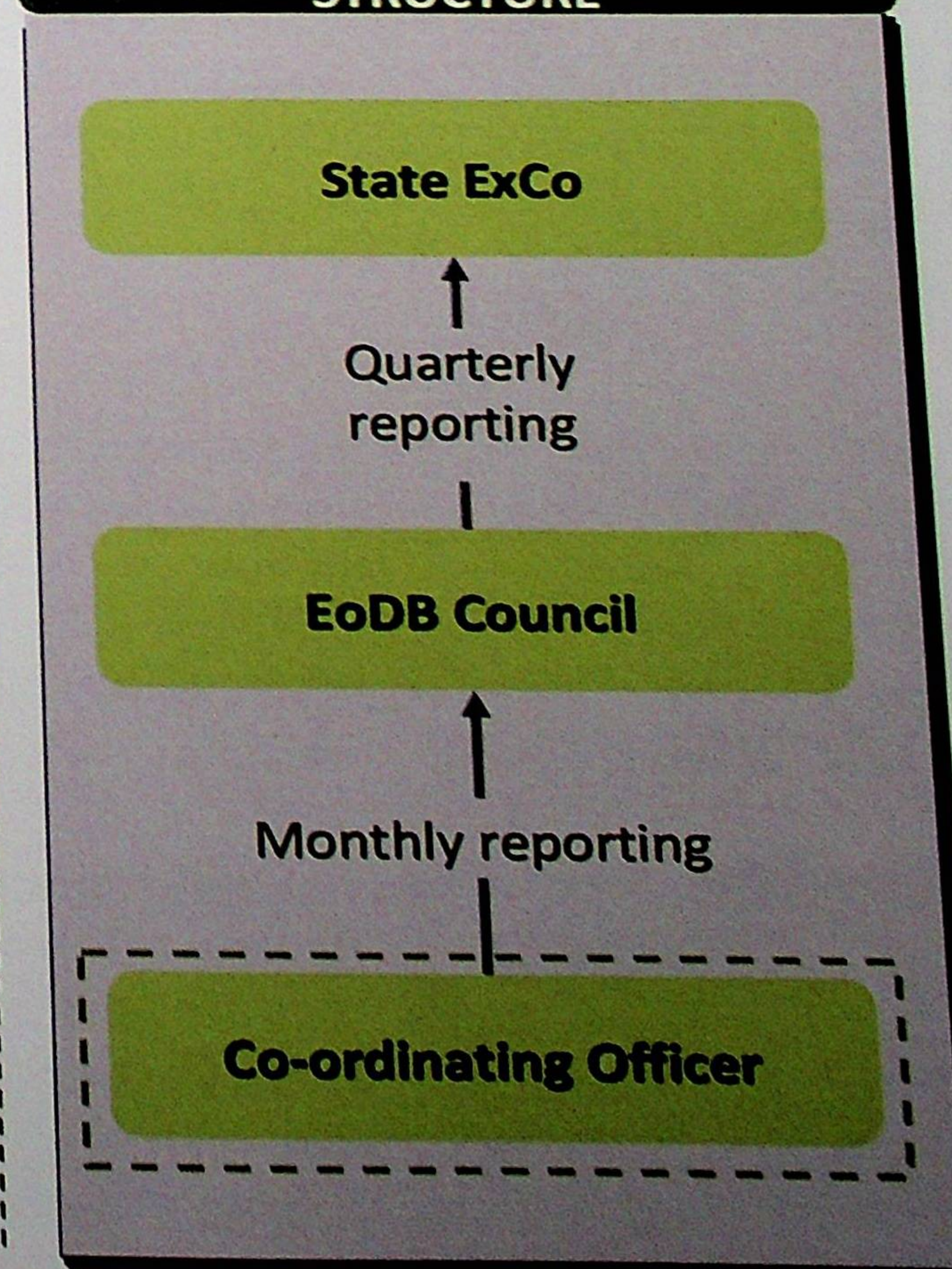


Subnational Ease of Doing Business Framework

2017-2019 SUBNATIONAL TECHNICAL WORKING GROUP

Chair	<ul style="list-style-type: none"> ▪ PEBEC Secretary
Regional Representatives	<ul style="list-style-type: none"> ▪ Gombe (N.E.) ▪ Kaduna (N.W.) ▪ FCT (N.C.) ▪ Anambra (S.E.) ▪ Edo (S.S.) ▪ Ogun (S.W.)
Organised Private Sector/Private Sector Representatives	<ul style="list-style-type: none"> ▪ Nigerian Economic Summit Group (NESG) ▪ National Competitiveness Council of Nigeria (NCCN) ▪ OLAM Nigeria
Public Sector Representatives	<ul style="list-style-type: none"> ▪ NEC Secretariat ▪ Governors' Forum ▪ National Bureau of Statistics (NBS) ▪ Nigerian Investment Promotion Commission (NIPC) ▪ Nigeria Export Promotion Commission ▪ EBES (Subnational TWG Secretariat)

STATE EoDB INITIATIVE STRUCTURE



State Ease of Doing Business Council Objectives

State EoDB Council to ensure delivery of reform goals

Hold monthly SteerCo meetings

- Establish **monthly meeting cadence**
 - Decision meeting
 - Once a month at the same time
 - Disciplined attendance

Track against targets

- Set **timeline** and assign **action owners**
 - Review execution against agreed targets
 - Follow up on missed actions and solve challenges
 - Allow NGF to hold action owners actionable

Coordinate peer review

- Provide peer **feedback** and **share best practices**
 - Review reform progress at States
 - Identify best practice and what works best
 - Share knowledge and provide tactical support
 - Publish monthly peer review reports

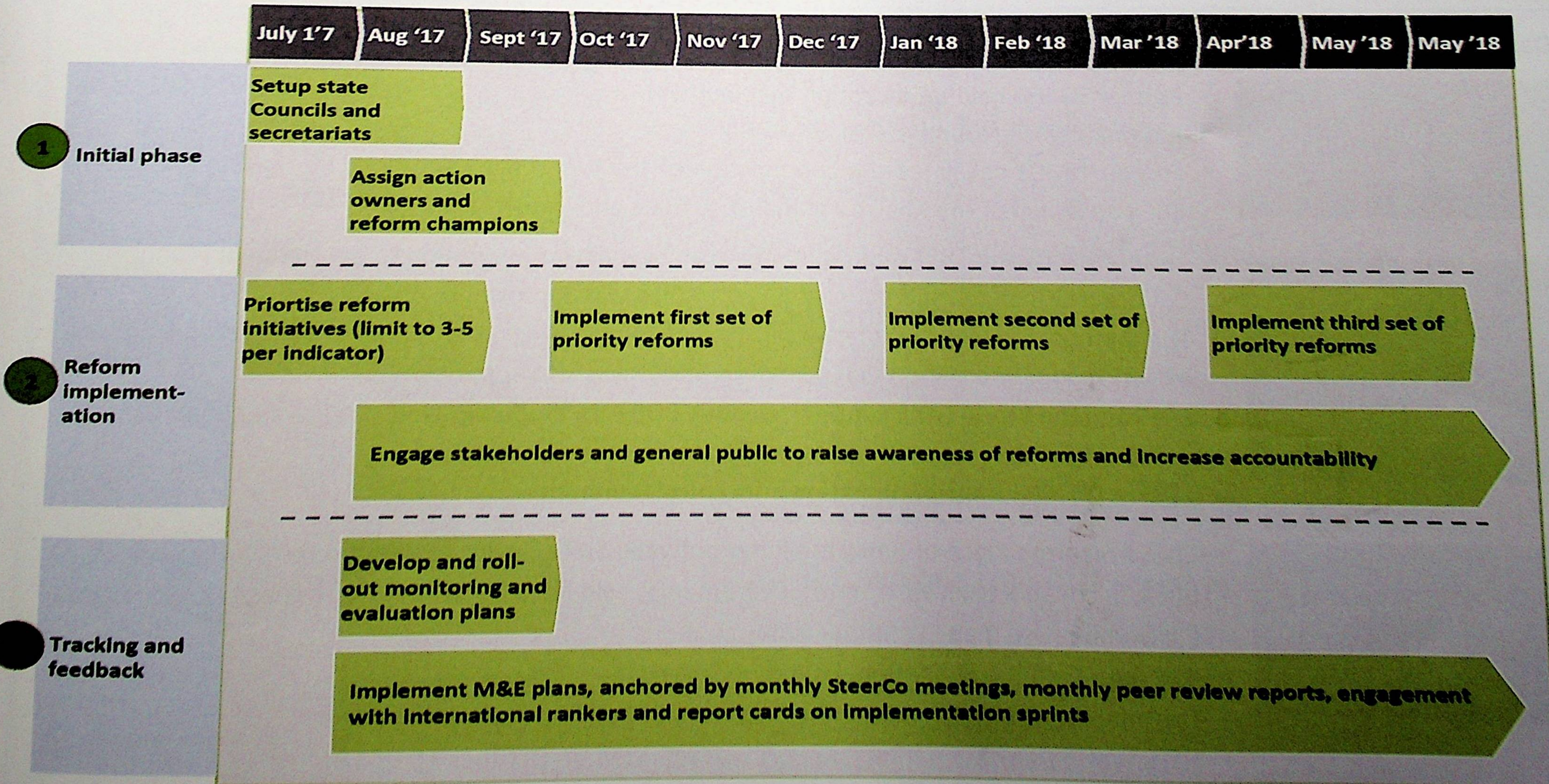
Suggested TWG members

- **Use of Standing Federal/State Committee**
- **Ownership of the sub-national information is with the states**
- **Should be driven by States, including peer review reports and knowledge sharing opportunities**
- **Standing sub-committee on EoDB (NGF Secretariat, Selected State reps, EBES support, and NIPC support)**

The TWG will be re-constituted/reconvened in October
2019



A roadmap was developed and implemented to track World Bank subnational reforms



Key actions taken so far on the Subnational Ease of Doing Business Initiative

Dates

Actions Taken

**January
2017**

- Former HMITI held an inception meeting with the World Bank in January on 2014-2018 sub-national ranking exercise.
- Former HMITI delegated the coordination of the World Bank sub-national ranking exercise to EBES on behalf of the Ministry of Industry, Trade and Investment.

**July - August
2017**

- Former HMITI and EBES Coordinator gave an overview presentation to the National Economic Council (NEC) on the sub-national project which was approved.
- The methodology for the subnational ease of doing business rankings was adopted and a kick-off workshop for collaboration across the states was also approved.
- EBES and the World Bank jointly hosted the EODB methodology workshop to commence the collaboration exercise – 18 state governments were represented
- Ease of Doing Business Sub-national Technical Committee was formed.

**January – December
2018**

- EBES organized Right-of-Reply meetings between State Governments and the World Bank.
- EBES, in collaboration with State Governments, held Stakeholder Fora across States and Regions
- E.g Gombe (Use map in another slide)
- NEC approved the Subnational Baseline Survey
- TWG finalized conceptualizing the Subnational Baseline Survey
- 2018 World Bank Subnational Report was released on October 31, 2018



The 2018 World Bank Subnational Doing Business Report for Nigeria was released on October 18, 2018. The report covers 4 indicator areas only

SUBNATIONAL
DOING BUSINESS

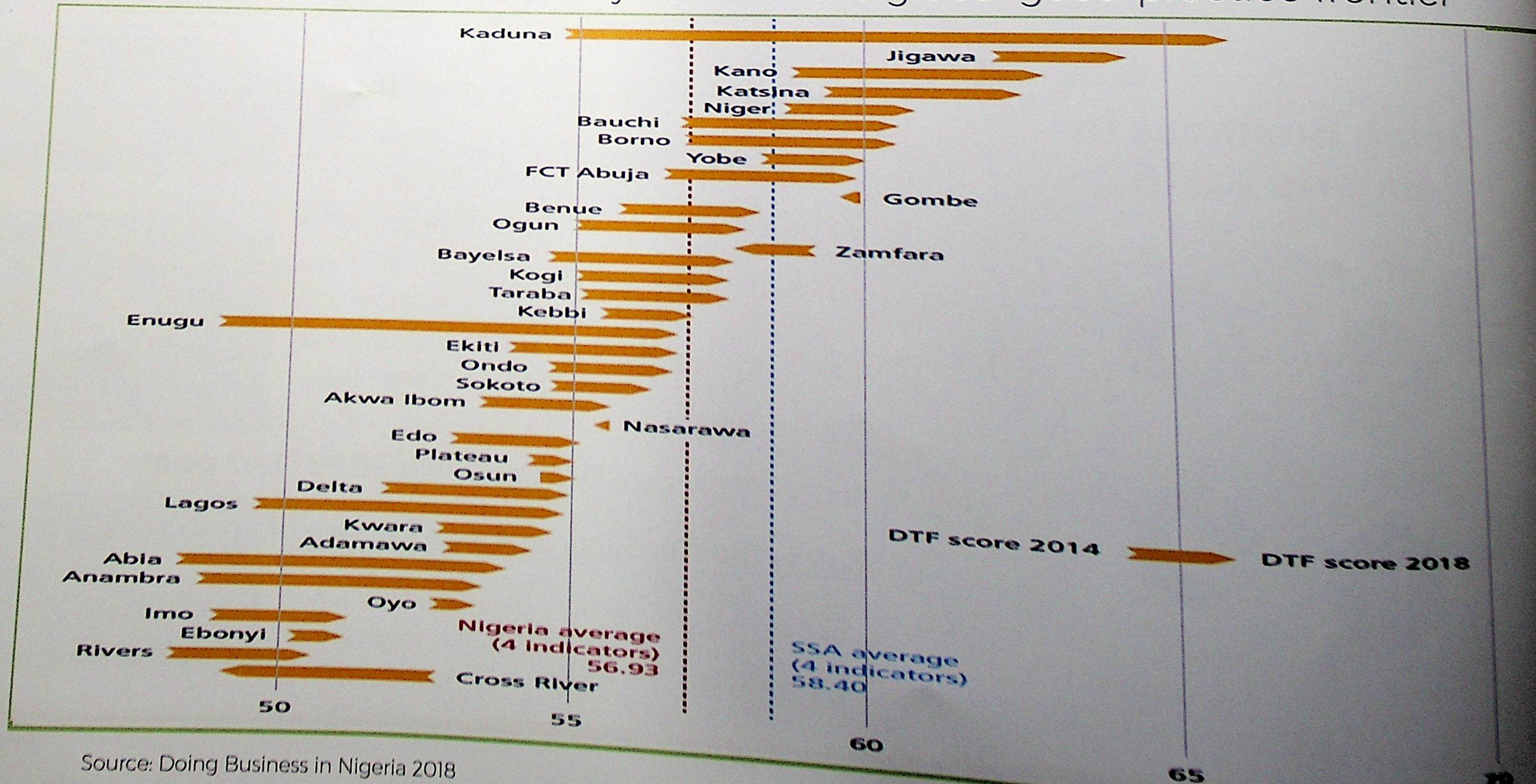
Doing Business in Nigeria 2018



Comparing Business Regulation for
Domestic Firms in 36 States and
FCT Abuja with 189 Other Economies

- World Bank SNDB Team released the 2018 Nigeria report on October 18, 2018.
- 43 reforms were implemented, 32 States and the FCT had improved DTF scores.
- 100% participation of States and the FCT in the Right-of-Reply exercise
- **Nigeria's average DTF Score was 56.93 (1.47 points below the sub-Saharan Africa average of 58.40)**

29 States implemented 43 reforms in the past four years that have moved the entire country closer to the global good practice frontier



Source: Doing Business in Nigeria 2018



North Central States completed more reforms in the 2014-2018 Cycle

STATE	2010 - 2014				2014 - 2018			
	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts
Benue					✓			
Kogi					✓			
Kwara					✓			
Nasarawa	✓				✓			
Niger			✓	✓	✓			
Plateau		✓			✓			

North East States completed more reforms in the 2014-2018 Cycle

STATE	2010 - 2014				2014 - 2018			
	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts
Adamawa								
Bauchi								
Borno		✓			✓			
Gombe								✓
Taraba					✓			
Yobe					✓			

Source: Doing Business in Nigeria 2018



North West States completed more reforms in the 2014-2018 Cycle

STATE	2010 - 2014				2014 - 2018			
	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts
Kaduna				✓	✓	✓	✓	
Kano					✓	✓	✓	
Katsina	✓		✓		✓			
Kebbi					✓			
Jigawa			✓		✓			
Sokoto					✓			
Zamfara	✓				✓			

South East States completed more reforms in the 2014-2018 Cycle

STATE	2010 - 2014				2014 - 2018			
	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts
Abia					✓		✓	
Anambra	✓				✓		✓	
Ebonyi	✓				✓		✓	
Enugu		✓	✓		✓		✓	
Imo	✓				✓		✓	✓



South South States completed more reforms in the 2014-2018 Cycle

STATE	2010 - 2014				2014 - 2018			
	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts
Akwa Ibom				✓	✓			
Bayelsa	✓				✓		✓	
Cross River	✓	✓	✓		✓			
Delta	✓	✓			✓		✓	
Edo	✓							
Rivers		✓	✓		✓			

South West States completed more reforms in the 2014-2018 Cycle

STATE	2010 - 2014				2014 - 2018			
	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts	Stating A Business	Dealing With Construction Permits	Registering Property	Enforcing Contracts
Ekiti	✓	✓	✓	✓	✓			
Lagos	✓				✓	✓	✓	
OndO			✓		✓			
Ogun	✓	✓	✓		✓		✓	
Osun								
Oyo		✓			✓			

Source: Doing Business in Nigeria 2018



First 5 States on Nigeria's 2014-2018 Subnational Ranking

1. Kaduna State

Implemented reforms across 3 indicators

- Launched Ease of Doing Business Charter
- Improvement in business licensing
- Flat fee structure
- Process Mapping • Digitization
- Property registration fee reduced to N80,000

2. Jigawa State

Implemented reforms across 1 indicator

- Surpass OECD average in Dealing with Construction Permits
- Lowest time for completion of trial and judgment

3. Kano State

Implemented reforms across 2 indicators

- Surpass OECD average in Dealing with Construction Permits
- Online access to building regulation and fees
- Low cost of obtaining permits
- Improvements in company incorporation

4. Katsina State

Implemented reforms across 2 indicators

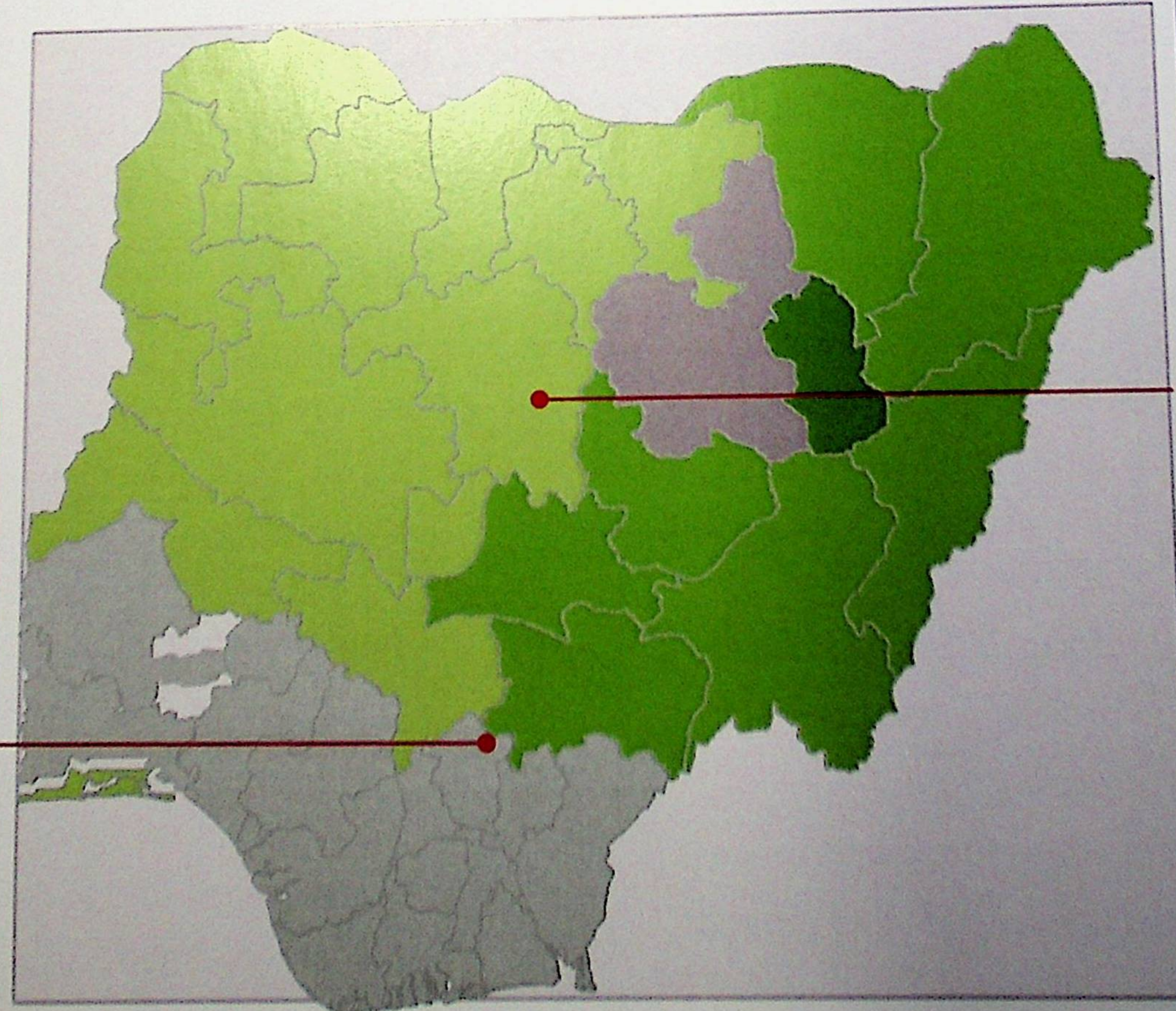
- Introduced pretrial conference in high court civil procedure
- Reduce procedure for permit process
- Easier access and availability of land-related information

5. Niger State

Implemented reforms across 2 indicators

- Surpass OECD average in Dealing with Construction Permits
- Improvements in enforcing judgments
- Lowered cost of court fees and
- Improvements in company incorporation

5 Most Improved States in Nigeria's 2014-2018 Subnational ranking



1: Kaduna State

Launched **Ease of Doing Business Charter** in April 2017; reform areas include –

- Business licensing
- Flat fee structure
- Process Mapping
- Digitization
- Property registration fee reduced to N80,000

2. Enugu State

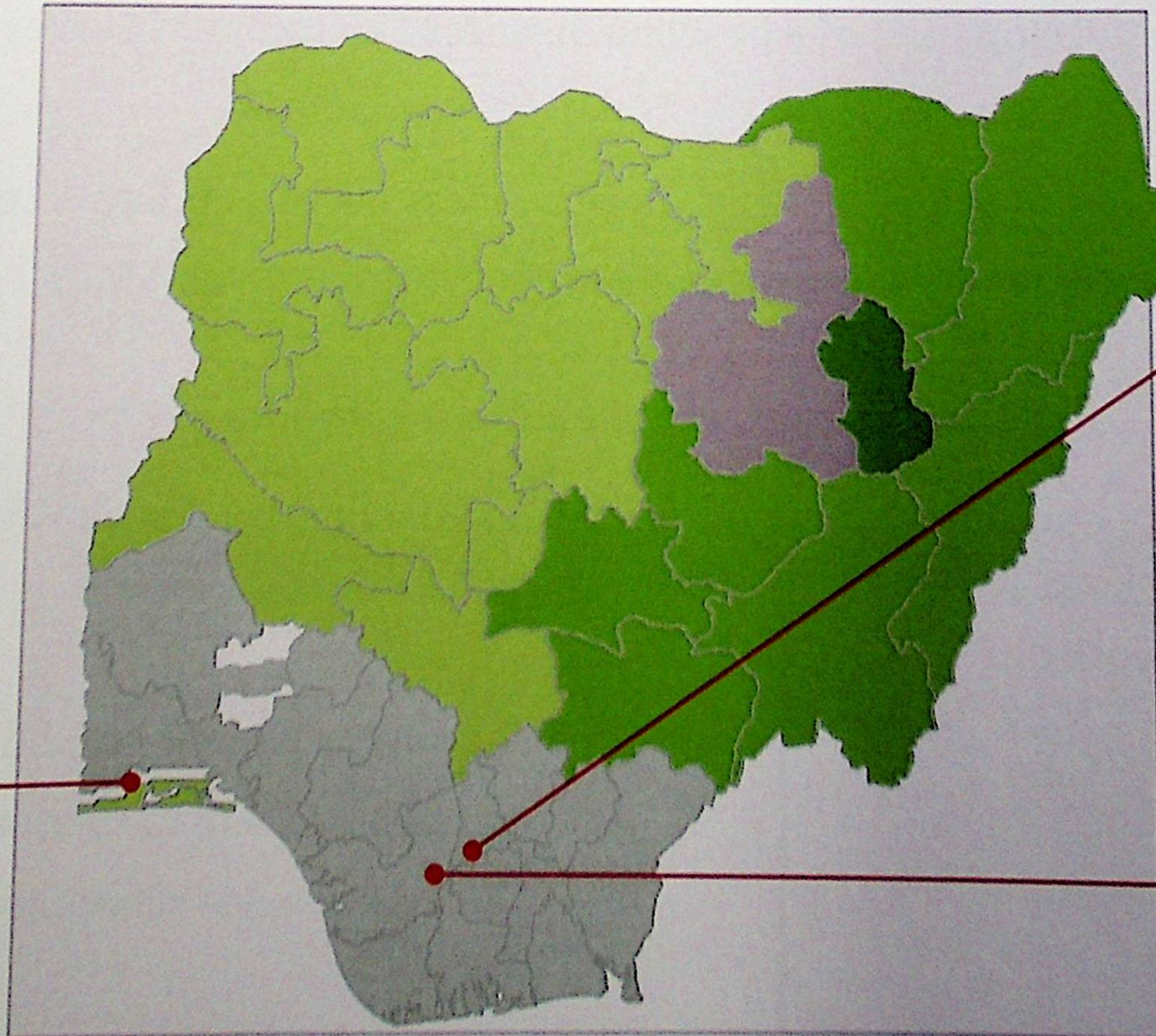
Reforms include –

- Building permit issued within 10 days
- e-Registration for PAYE
- Digitization of nearly all land titles
- Hired more magistrates and issued practice direction to resolve commercial disputes faster

5 Most Improved States in Nigeria's 2014-2018 Subnational Ranking (Cont'd)

4. Lagos State

- Reduced consent and registration fee from 8% to 1.5% and 3% to 0.5% of property value respectively.
- Online property title search
- Published fee schedule and procedures online
- Set up independent mechanisms to file complaints e.g Citizen's Gate



3. Abia State

- Considerable progress in digitizing land records and database
- Online payment of search fee
- Implemented communication campaign to reach out to private sector
- Physical planning and infrastructure development fee removed.
- Improvements in company incorporation

5. Anambra State

Reforms include –

- Cut time to register property by almost half (from 213 days to 111 days)
- Introduced deadlines for staff to complete assigned operations and online search

Subnational Baseline Survey Project

May 2018 - The NEC and NGF approved the development of a baseline Business Environment Survey across Nigerian states and regions:

- To provide a status report on the attractiveness of states attractiveness backed up by success stories of SMEs across the regions in terms of business climate reforms as a reference resource for SMEs and the general business community.
- To update on the general business climate of each state.
- To showcase success stories of SMEs and clusters benefiting from an enabling business environment within the state.

The Technical Working Group commenced work on:

- Conceptualizing the project
- Finalizing the methodology
- Identifying suitable consultants

- The survey was initially due for release in 2019 but was delayed due to funding constraint.
- The new release schedule is for Q2 2020



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Our Requests

Area

Reform champions for all States

State EoDB Committee

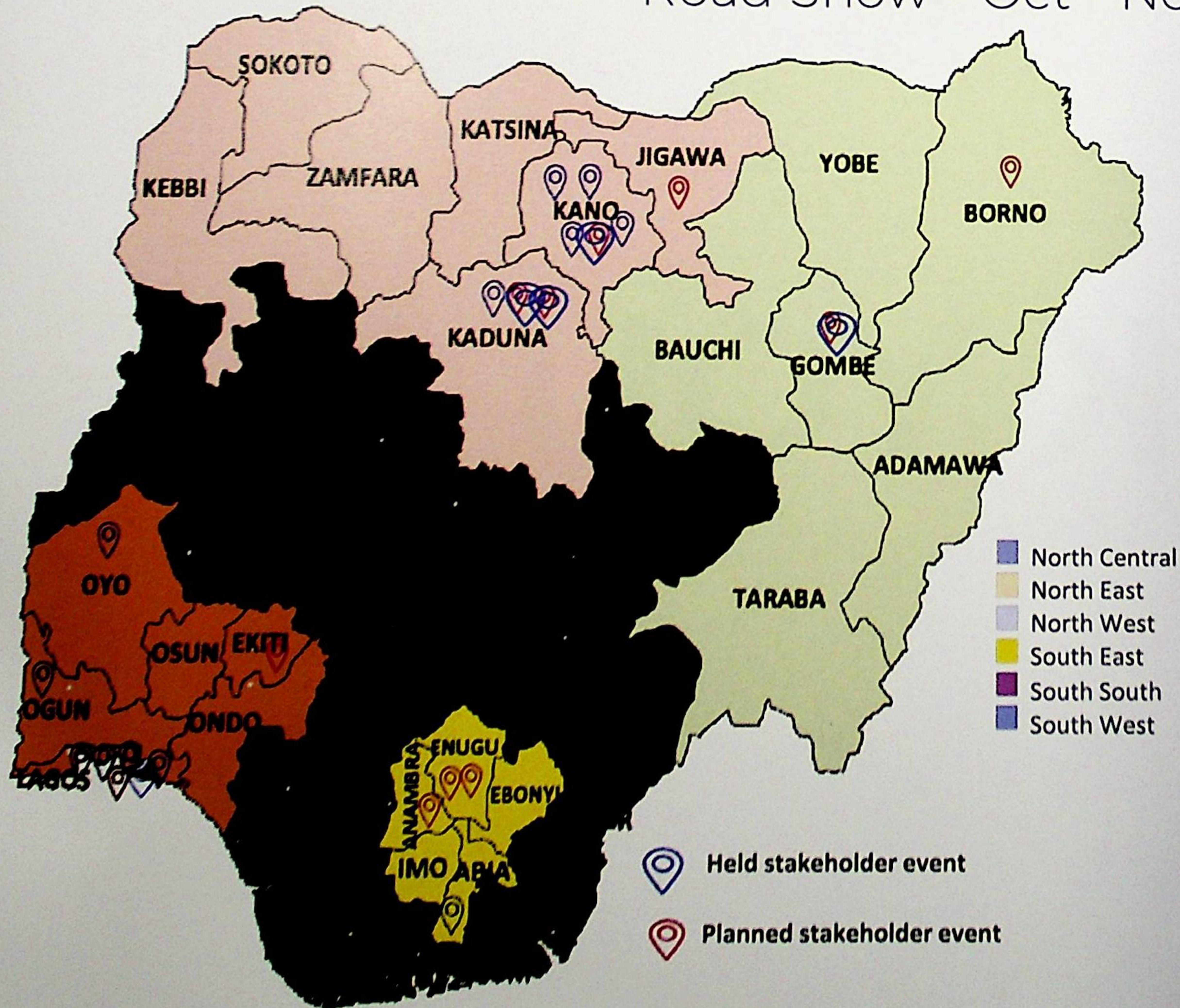
Support for Reforms

Details

- State Reform champions for the Subnational project acting as focal persons for EoDB intervention and to be responsible for coordinating all subnational efforts on behalf of the State
- Global best practice and the PEBEC initiative have proven that successful reforms depend on the active support from the highest level of government
- Active engagement with the private sector and delivering are one of the hallmarks of a successful program, inform them about plans for the subnational projects and sensitize them on reforms that have been implemented in the state



Next Steps – Ease of Doing Business National Road Show – Oct - Nov 2019



- EBES will commence a national road show across the six (6) geo-political zones from October in collaboration with host State Governments.
- Objectives of the national road show include:
 - An avenue to engage and listen to private sector across the zone
 - Facilitate regional technical workshops on global best practice and peer learning for relevant officials across each zone
 - Q4 2019: Anambra (confirmed), Borno, Cross River, Ekiti (confirmed), Jigawa, Kwara (confirmed).
 - More national road shows will occur in 2020 and 2021



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