

BUILDING AN ENABLING BUSINESS ENVIRONMENT



OVERVIEW OF THE
OF DOING BUSINESS

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ADDRESSING THE PAIN POINTS OF
THE EASE
OF DOING BUSINESS

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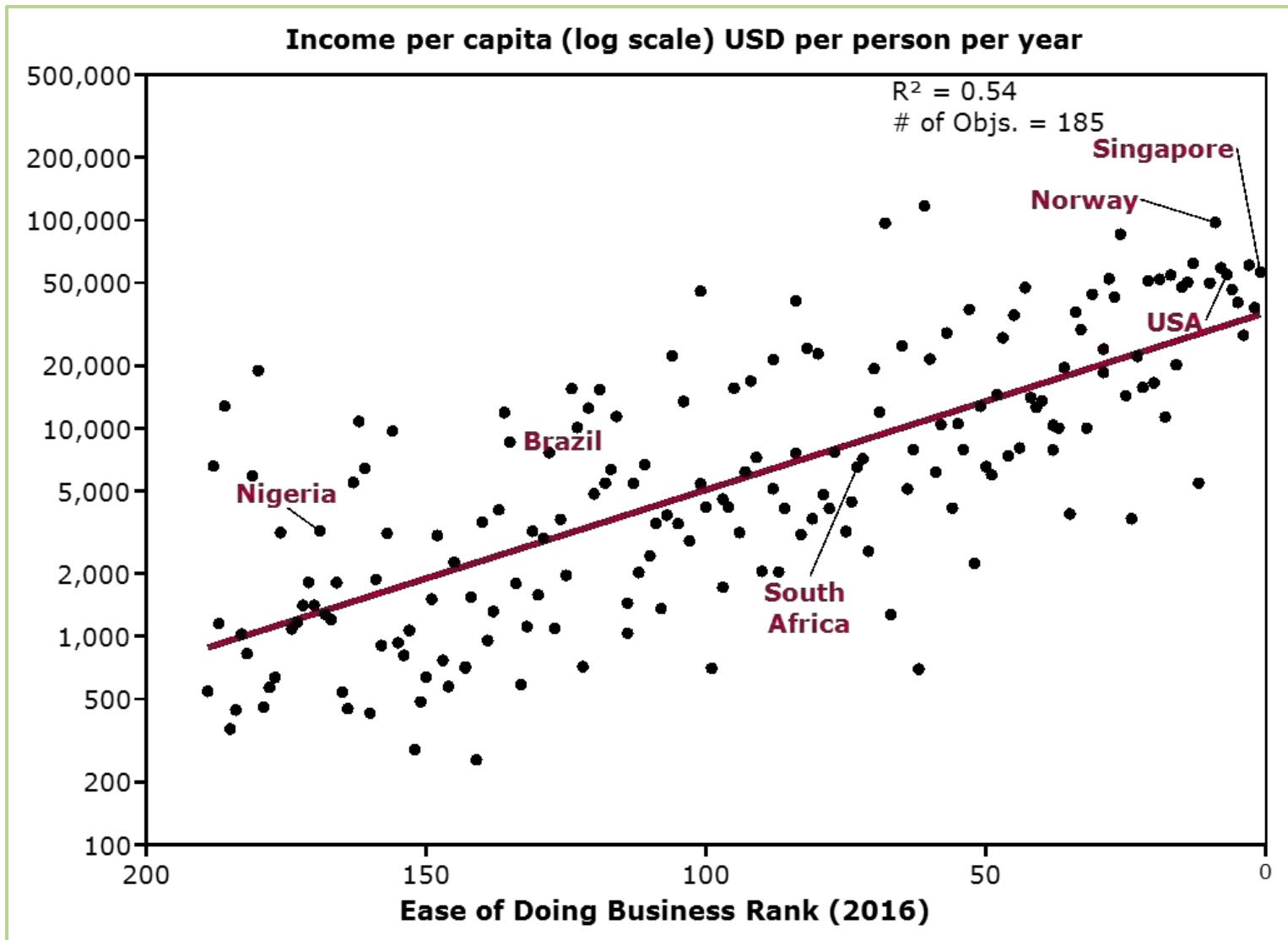


Outline

- Current assessment of the Enabling Environment
- The vision and plan for improving the Enabling Environment
- Ongoing Reform Efforts and Next Steps
- Overview of EoDB Executive Order
- Conclusion



There is a strong correlation between a country's "Ease of Doing Business" and its economic prosperity





Why? Attractive business and investment environment is critical for prosperity

*"A good investment climate fosters productive private **investment**—the engine for growth and poverty reduction. **It creates opportunities and jobs for people.**"*

*"Improving the **investment climate**— the opportunities and incentives for firms to invest productively, create jobs, and expand—is the **key to sustainable progress**"*

-World Bank



Nigeria aspires to be one of the most attractive investment destinations

FINANCIAL TIMES

MONDAY, 4 FEBRUARY 2019

● Nigerian GDP rises to ~USD 750 billion

● Nigeria reaches yet another economic milestone with less than 20% of the population under poverty line

Nigeria: A textbook African success story

Nigeria has come a long way over the last three years, coming back from the brink of near economic disaster to become a textbook example of how an African country can turn itself around.

When oil prices crashed to \$30 a barrel in 2015, the country took an economic nose dive. Its heavy reliance on oil exports saw the Naira devalue in the parallel market to over ₦400/USD.

The Buhari Administration had to act and act fast. It took the radical step of launching the Nigerian Industrial Revolution Plan to reinvigorate the non-oil sectors, create jobs and develop a growing SME segment.

“What they have done is nothing short of a miracle,” says IMF chief.

How did they succeed where others have failed?



The Government pledged its unwavering commitment to reforms aimed at creating a business-friendly environment. Today, the results are there for all to see.

Visas are processed at the borders within 30 minutes of arrival; new preclearance processes enabled by technology push goods through the ports at lightning speed; the number of tax payments a year has been slashed from 59 to 12; and the number of days required to start a business and get electricity has dropped to 15 days and 100 days respectively from 30 days and 181 days.

Nigeria is now the location of choice for investors into Africa, with the knock-on effect of creating 1,000,000 direct new jobs since 2016. Today it ranks 100 out of 189 countries for ease of doing business - a far cry from its ranking of 169 in 2016.



Nigeria is considered a difficult place to do business

Benchmarking metrics

Ranking out of 189 (2016)

Overall: Ease of doing business

Sub-components of Ease of Doing Business:

Starting a business

Getting electricity

Getting credit

Enforcing contracts

Nigeria



Ghana



South Africa



Kenya



Angola



Rwanda



Georgia



Key insights

- Nigeria moved up one place from in the **Ease of Doing Business** in 2016 but still **rank 36 out of 47** in **sub-Saharan Africa**
- Drastic, fast-paced **business reforms** must be **conducted simultaneously** to **improve the business environment** and attract foreign investors
- **Reforms** must be **adopted within the next 12 months** to **reflect in the 2018 Ease of Doing Business report (out October 2017)**



Nigeria relative to best-in-class across indicators

FRONTIER

1
 190 countries

Nigeria scored **44.63** points in *Distance to Frontier* in the World Bank's *Doing Business 2017*, giving it a ranking of **169th** overall, out of 190 countries

Results on individual indicators





Our historical attempts at improving 'Ease of Doing Business' rankings have been largely unsuccessful

LAUNCHED INITIATIVES TO IMPROVE INVESTMENT CLIMATE...

Programs and partnerships

➔ Launched Sub-National Investment Climate Program in 2006

- Partnered with Department for International Development and World Bank

Established council

➔ Established National Competitiveness Council of Nigeria in 2013

- Aimed to improve Nigeria's global competitiveness ranking and revitalize the economy

Industrial revolution: Jonathan inaugurates National Competitiveness Council

Federal Ministry Of Information And Culture, 2013

...HOWEVER, FAILED TO ENHANCE BUSINESS ENVIRONMENT IN NIGERIA

Starting business in Nigeria getting more difficult – World Bank

Vanguard , 2015

"Reforms instituted by Nigerian leaders had not impacted the Ease of Doing Business... a lot more needs to be done to make the country investment-friendly."

New Telegraph, 2014



....mainly due to internal governance roadblocks, despite having prioritized initiatives

Perceived widespread corruption and bureaucracy



- **Nigeria** ranks 136th in Transparency International's corruption index among 174 countries
- Government **bureaucracy** and **lack of transparency** in administration reducing investor confidence

*"There's no doubt that for many companies, **corruption** remains the **biggest obstacle against investing** in the oil-rich African nation **[Nigeria]**."*

Deutsche Welle, 2015

Source: Lit. Search; Independent analysis

Lack of coordination



- **Lack of coordination** between ministries and agencies, **inadequate planning and monitoring** has led to poor implementation/ follow-up

*"**Lack of an effective ethical organizational framework to coordinate the activities of various institutions** has astronomically worsened unethical practices... in the Nigerian public service."*

Scientific Research Publishing Journal, 2014

Lack of motivation to confront realities



- **Lack of political will** and determination by government **to pursue existing blueprints and initiatives**
- **Limited faith** by citizens in institutions of state and **political leadership of Nigeria**

*"[Nigeria] policy needs to be better focused, more realistic and implementable. **Many obvious policy steps and initiatives seem to be avoided.**"*

Financial Times Blog, 2015



The Vision of this Administration

“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.”

**- His Excellency, the Vice President of the Federal Republic of Nigeria
(2016)**

“Our overarching goal should be improvements and reforms that will be visible not merely in our numerical rankings, but in the stories and testimonials of business owners and entrepreneurs across the entire country. ...beyond the specific indicators, we should be aiming for visible, irrefutable and sustainable change across the widest possible spectrum of the business environment.”

**- Honourable Minister, Federal Ministry of Industry, Trade & Investment
(2016)**



Nigeria aspires to become Africa's leading economy, we have to become more business friendly

EASE OF DOING BUSINESS RANKING TODAY

EASE OF DOING BUSINESS RANKING BY 2019/2020

ASPIRATIONAL

EASE OF DOING BUSINESS RANKING IN 10 YEARS

Top 50

Top 100

#169

Nigeria has a vision to improve the poor Nigerian business environment and Ease of Doing Business ranking across key regulations, processes, support systems, execution capabilities and training amongst other metrics



PEBEC Reform Agenda

Project overview and structure

- The Federal Government has prioritised the holistic improvement of Nigeria's business environment for local and foreign businesses – **especially SMEs** – to drive economic development
- July 2016 the President approved the **Presidential Enabling Business Environment Council (PEBEC)**
 - Chaired by H.E. the Vice President
 - Comprised of 10 Honourable Ministers, the Central Bank governor, the Head of Service, Reps of NASS, LASG, KASG and the private sector.
- PEBEC is supported by the **Enabling Business Environment Secretariat (EBES)**, a small task force responsible for driving the reform agenda and ensuring implementation across MDAs.

The reform agenda

- A challenge as broad as “The Business Environment” requires prioritisation, across two lenses:
 - i. The private sector's most pressing concerns;
 - ii. The World Bank (WB) Ease of Doing Business (EODB) Rankings
- Initial engagement with the private sector prioritised:
 - Entry and Exit of Goods
 - Entry and Exit of People
 - Transparency: availability and consistency of information, use of technology
- With our consultative partners, we have **prioritised 8 indicators**, with the aim of moving Nigeria up **at least 20 places** in the EODB rankings:
 - Trading Across Borders
 - Starting a Business
 - Getting Credit
 - Dealing with Construction Permits
 - Paying Taxes
 - Registering Property
 - Getting Electricity
 - Entry & Exit of People



In February, PEBEC released a short term National Action Plan (NAP-60) to jumpstart our reforms and promote accountability

1 Prioritized initiatives/reforms

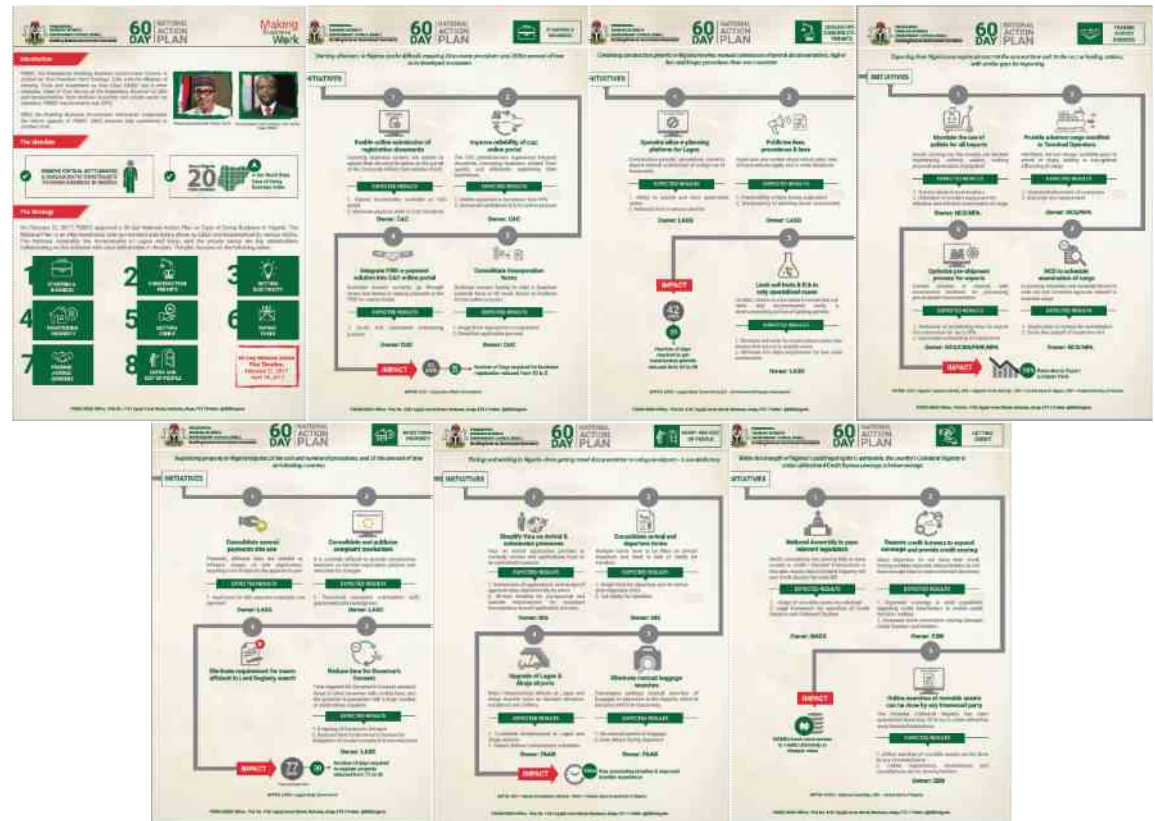
The Plan detailed, by reform Module, what initiatives have been prioritized for the next 60 days, sharing both the pain point and PEBEC's proposed solution

2 Ownership and Impact

For each reform Module, we shared what **impact Nigerians can expect** if we complete our mission; we also shared who is **responsible** if we don't, for full transparency

3 Firm Time Commitment

In line with the PEBEC mandate and with a view of the EODB rankings, PEBEC committed to completing all initiatives shown by **April 21st, 2017**



8
Indicators

22
Initiatives¹

60
Days

12
MDAs



NAP-60 committed to a clear set of desired outcomes for each reform area and finished at 70% (pending reforms were address)



STARTING A BUSINESS

- More convenient, fully online application process
- Elimination of need to hire a lawyer
- Number of days required to register a business reduced from 10 to 2



GETTING CREDIT

- Passage of two bills – Collateral Registry and Credit Bureau - to strengthen legal framework
- Facilitation of improved credit scoring and access for MSMEs



CONSTRUCTION PERMITS

- Publish laws and fees on website
- Operationalize e-planning platform
- Clearer application of regulations and requirements (e.g., Soil tests)



PAYING TAXES

- Removal of in-person requirements for TIN, with company registration
- E-Filing and E-Payment processes to improve tax adherence and ease of payment



GETTING ELECTRICITY

- Reduction in procedures required to get connected to the grid
- Reduction in time to get connected in Lagos and Kano, starting with 2 of the 11 DisCos



TRADING ACROSS BORDERS

- World standard guidelines on import procedures (e.g., palletization and advance manifests)
- 50% reduction in import and export times, driven by streamlined examination processes



REGISTERING PROPERTY

- Simplification of application process e.g. by eliminating sworn affidavit
- Reduction in time to obtain Governor's consent by 50%



ENTRY AND EXIT OF PEOPLE

- 48 hour visa processing timeline across missions abroad
- Simplification of Visa-on-arrival
- Fix infrastructural deficits at Nigerian airports



The plan outlined expected impact, with plenty at stake for Nigerian SMEs; the potential value captured is truly transformational

PRELIMINARY - SUBJECT TO CHANGE

N 2.6bn

saved by SMEs in registration costs to start business annually



116,000 minutes

of traveler time saved daily



60%

reduction in time to register property

130%

increase in MSME access to credit



23,500 hours saved by exporters annually



20 place increase in Nigeria's position in World Bank DB rankings



Some of the actions have driven frontline changes that Nigerians can see and feel



- CAC has moved entire **business registration process online**, reducing time required from **10 to 2 days**



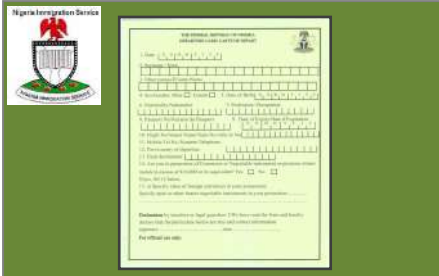
- LASG has **operationalized its e-planning platform**, allowing submission of **construction permit applications online**



- NIS has enhanced its **online functionality** including e-submission of **Visa-on-Arrival applications**



- FAAN has implemented **extensive reforms in Abuja airport** with plans to replicate changes in **Lagos airport**



- NIS has **harmonized four forms on arrival into one form** with 15 questions, bringing in line with other countries



- NCS now **coordinates physical examination of cargo**, reducing **touchpoints** between importer and govt. agencies to **one**



Going forward, PEDEC needs to accelerate reforms by focusing on three key areas, supported by a robust operating model

- **People:** Ensure excellent customer service and mind-set changes
- **Transparency:** Ensure easier access to information, processes, and documentation

1 Deepen Existing Reforms

- **Description:** Complete pending initiatives and ensure implementation of completed reforms, including communication and consequence management
- **Objectives:** Ensure Nigerians feel impact of the reforms and the private sector can validate reforms to World Bank ahead of the May 31st deadline to maximise gains for 2018 DB Report release in

2 Sub-national Reforms

- **Description:** Engage with State Governments to push state-level reforms ahead of WB subnational ranking of all 36 states and FCT in 2018
- **Objectives:** Collaborate with States to drive reforms at the sub-national level by providing assistance with reform scoping, implementation management, and operational standardisation

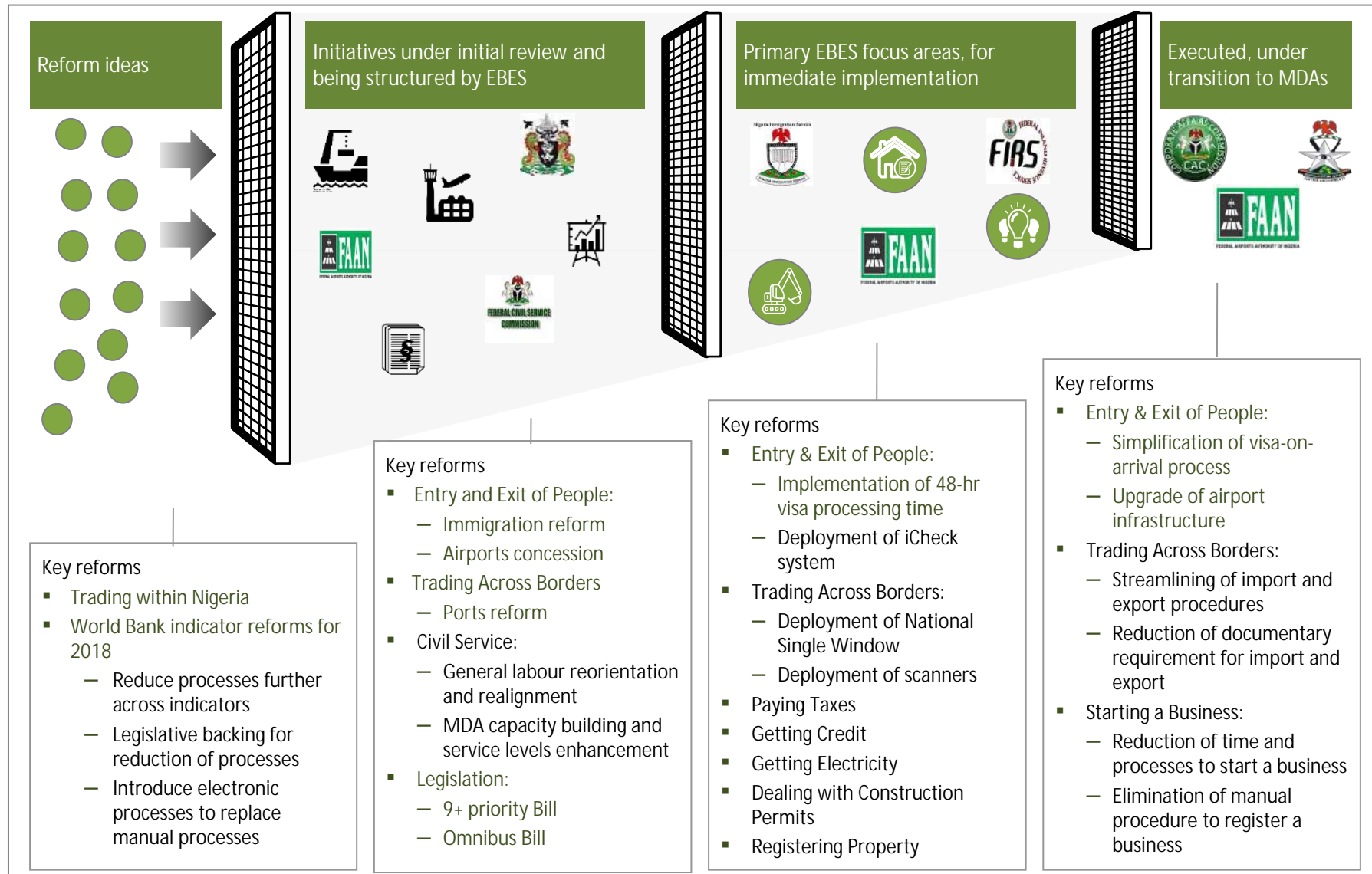
3 Additional Reforms

- **Description:** Kick-off of reforms aimed at improving Trading within Nigeria and start preparation for World Bank indicator reforms for 2018, including Omnibus Bill.
- **Objectives:** Broaden reforms to include a focus on Trade within Nigeria and ensure planned reforms for 2018 rankings are included in MDA budgets for next year.

The 3 main pillars are supported by a robust operating model to accelerate change and build capacity within MDAs



Additional reforms will follow an established process of filtering into focus and execution, before being transitioned to the relevant MDA





Operationalizing the recently released Executive Order

- **People:** Ensuring excellent customer service and mind-set changes
- **Cooperation:** involving strong collaboration and ownership across government

① Transparency/Efficiency

- **Description:** Information about government requirements for products and services will be **easily accessible** by the public online and in public places
- **Objectives:** Ensure **complete clarity** on government requirements and processes

② Default Approvals

- **Description:** Applications for government approvals are **processed in accordance** with timeline communicated to the public
- **Objectives:** Ensure Communication of approval or rejection of applications in **stipulated**

③ One Government

- **Description:** Documents issued by an MDA to the private can be **accessed by other MDAs**
- **Objectives:** Better **cooperation and improved** information sharing among MDAs.

These 3 main pillars will form the foundation for the Executive Order on the Promotion of Transparency and Efficiency in the Business Environment



Transparency in MDAs

Directive

- **Publish a complete list of all requirements or conditions for obtaining products and services within the MDA's scope of responsibility. Including:**
 - All fees and timelines required for the processing of applications for the products and services
 - **Conspicuously pasted on the premises of the relevant MDA and published on its website**
 - **Responsibility of the head of the relevant MDA to ensure that the list is verified and kept up-to-date at all times**
-

Timing

- **Within 21 days (Three Weeks) of Directive**

Published list shall prevail if there is any conflict between a published and an unpublished list of requirements



Default Approvals

Directive

- Communicate approval or rejection of an application within the time stipulated in the published list, all applications for business registrations, certification, waivers, licenses or permits **or the application shall be deemed approved and granted**; as stated in published requirements
- Applicant whose application is deemed granted under this Directive may apply to the Minister for the time being in charge of the application for the issuance of any document or certificate in evidence of the **grant within 14 days of lapse of the MDA's stipulated timeline for the application**

Timing

- **Immediately after Directive is signed**

Failure of the appropriate officer to act on any application within the timeline stipulated, without lawful excuse, shall amount to misconduct and be subject to appropriate disciplinary proceedings



One Government

Directive

- MDAs shall **no longer require** a private applicant to produce or submit a document issued to it by the FGN as part of an application process if an original of the document is in the possession of another MDA
- MDA that requires input documentation, requirements or conditions from another MDA in order to deliver products and services on applications within the originating MDA's remit or mandate, shall only request a photocopy or other prima facie proof from the applicant; it **shall be the responsibility of the originating MDA** to seek verification or certification directly from the issuing MDA

Timing

- **Immediately after Directive is signed**

Failure of the appropriate officer to act on any application within the timeline stipulated, without lawful excuse, shall amount to misconduct and be subject to appropriate disciplinary proceedings



Entry Experience of Visitors and Travelers

Directive

- Ordinary tourist and business entry visas to Nigeria shall henceforth be issued or rejected with reason by the Consular Office of Nigerian Embassies and High Commissions **within 48 hours of receipt of valid application**
- A comprehensive and up to date list of requirements, conditions and procedures for obtaining visa on arrival, including estimated timeframe, **shall be published** on all immigration-related websites in Nigeria and abroad, including Embassies and High Commissions, and all ports of entry into Nigeria

Timing

- **Immediately after Directive is signed**

Visas on arrival shall be granted at all Nigerian ports of entry once applicants have met all the published requirements



Port Operations

Directive

- There shall be no touting whatsoever by official or unofficial persons at any port in Nigeria and all non-official staff shall be removed from the secured areas of airports
- Any official caught soliciting or receiving bribes from passengers or other port users shall be subject to immediate removal from post and disciplinary as well as criminal proceedings in line with extant laws and regulations
- Merge respective departure and arrival interfaces at the airport into a single customer interface, within 30 days, without prejudice to necessary backend procedures
- Harmonise operations of all MDAs physically present at the port into one single interface station domiciled in one location in the port and implemented by a single joint task force at all times, without prejudice to necessary backend procedures; within 60 days
- Assign an existing export terminal to be dedicated to the exportation of agriculture produce within 30 days of the issuance of this Directive
- Apapa Port shall resume 24-hour operations within 30 days

Timing

- As indicated in each directive



Registration of Businesses

Directive

- All registration processes at the CAC are fully automated through the CAC website from the start of an application process to completion

Timing

- Within 14 days of issuing directive



In summary – the underlying key objectives are.....



Institutionalization

- **Build** the capacity of the Agencies to deliver
- **Strengthen** the capabilities of the Agencies for the long-term, to **sustain the improvements** on an on-going basis
- Strong **political will and determination by the government** to effect changes and improvement



Collaboration

- Foster **cooperation** between the ministries, Agencies and also across States, National Assembly and Private Sector
- Effective **coordination** between all the relevant agencies to provide a unified view of implications and improvements
- Proper **planning** to eliminate the critical binding constraints



Continuous Improvement

- Be a **“moving-target”** to make Nigeria a progressively easier place to do business
- Means to constantly **measure and monitor** the improvements
- Effect a **hands-on implementation support** for the changes and improvements

Thank you



**PRESIDENTIAL
ENABLING BUSINESS
ENVIRONMENT COUNCIL (PEBEC)**

Enabling Business Environment Secretariat