

Nigerian States Step Up Reform Agenda to Improve Business Climate for Domestic Firms, World Bank Report Finds

ABUJA, October 18, 2018 – Nigerian states are making strides to improve the ease of doing business for domestic small and medium enterprises, finds the latest edition of the World Bank's *Doing Business in Nigeria* report.

The report, the 4th in the subnational series on Nigeria, covers 36 states and the capital city of Abuja. It analyzes business regulations in four *Doing Business* areas: Starting a Business, Dealing with Construction Permits, Registering Property, and Enforcing Contracts.

In the past four years since the last report was issued, 29 Nigerian states have implemented 43 reforms. The majority of those reforms are in the area of Starting a Business - 28 states enacted changes to improve business incorporation. While no state performs well across all areas benchmarked, Kaduna, Enugu, Abia, Lagos and Anambra made the biggest strides in improving their business regulations. Several states lagging in 2010 are now narrowing the gap in regulatory efficiency with the better-performing states. Across all indicators, the gap in time difference between lagging states and better-performing ones has been cut by at least one-third.

Location still matters for local entrepreneurs wanting to start and operate a business in Nigeria, as large differences exist in the regulatory environment throughout the country. For example, incorporating a new business can take more than six weeks in Adamawa and just 10 days in Abuja.

"It is encouraging to note that the private sector acknowledges the business environment reform agenda initiated at the Federal level is trickling down to several states," said Rachid Benmessaoud, Country Director, World Bank Nigeria. "While these findings are encouraging, substantial variation remains across the country. Going forward it will be critical for the states to engage in peer learning and put in place the institutional mechanisms that will ensure continuous improvement and the sustainability of reforms."

On average, it now takes 26 days to incorporate a new business, compared to 34 days in 2010. Abuja remains the easiest place to start a business. The improvements have been the result of introduction of an electronic platform by the federal Corporate Affairs Commission. The online platform enhances speed and transparency of the business registration process. As a result, it takes less time to start a business in states which have adopted the online platform.

Reform efforts to improve construction permitting slowed – only three states implemented reforms in the past four years. Nevertheless, Niger, Kano and Jigawa surpass even some of the advanced economies in the world in terms of streamlined and expeditious processes for obtaining a building permit.

Nigeria is one of the most difficult and expensive places to register property in the world. On average, it takes 12 procedures, 74 days and costs 15.3 percent of the value of the property to transfer land. Kaduna implemented some landmark reforms catapulting the state to the top spot in Nigeria for ease of registering property.

In the area of Enforcing Contracts, Kaduna, Bauchi and Jigawa are the best performing states. However, the quality of judicial processes and the efficiency of resolving a commercial dispute vary widely, with the greatest differences seen in the time to complete the trial and judgment phase.

*“The acceleration in the pace of business reforms to reduce the time, cost and complexity of bureaucratic processes is a welcome step in the right direction,” said **Rita Ramalho, Senior Manager of the Global Indicators Group at the World Bank.** “However, federal-level initiatives will need to be matched by state and local efforts to spread the benefits more uniformly across the country and help bring much-needed prosperity. We hope this report will serve as a roadmap for reform at the subnational level.”*

Doing Business in Nigeria 2018 is the fourth report of the subnational Doing Business series in Nigeria. The first edition was published in 2008, with subsequent editions released in 2010 and 2014. The report was produced by the World Bank Group at the request of the Government of Nigeria, in collaboration with the Enabling Business Environment Secretariat (EBES) of Nigeria’s Presidential Enabling Business Environment Council (PEBEC) and the Federal Ministry of Industry, Trade and Investment (FMITI). The project was funded by UK Aid from the UK government, the World Bank Competitive Industries and Innovation Program and the World Bank-assisted Growth and Employment (GEM) Project at FMITI. The subnational Doing Business work is based on the same methodology as the global Doing Business report published annually by the World Bank Group.

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