



## **HIGHLIGHTS OF THE 60-DAY NATIONAL ACTION PLAN ON EASE OF DOING BUSINESS IN NIGERIA**

### **BACKGROUND**

For many years, Nigeria has fared poorly in the global rankings for both ease of doing business and economic competitiveness. The World Bank in its **Doing Business 2017** Report ranked Nigeria 169<sup>th</sup> out of 190 countries<sup>1</sup> while the country was similarly, poorly placed in the 127<sup>th</sup> position among 138 economies covered in **The Global Competitiveness Report 2016–2017** by the World Economic Forum<sup>2</sup>. These unfavorable business and economic indices have greatly affected the country's capacity to attract sufficient investments from both domestic and foreign investors and consequently retarded national productivity and economic development. In light of the fall in crude oil prices and the Nigerian government's current drive to diversify the economy through development of non-oil related sectors such as agriculture and mining, it has become imperative for Nigeria to create an enabling environment for doing business.

As part of efforts to reform the business climate in Nigeria and pull the country out of the current economic recession, the Federal Government ("FG") established in July 2016 the **Presidential Enabling Business Environment Council ("PEBEC")**, chaired by the Vice President, His Excellency, Mr. Yemi Osinbajo, SAN, with the Minister of Industry, Trade and Investment, Dr. Okechukwu Enelamah as Vice Chairman. PEBEC is composed of nine (9) other Ministers, the Head of Civil Service of the Federation, the Governor of the Central Bank of Nigeria ("**CBN**") and representatives from the National Assembly and the private sector. Further to the establishment of the PEBEC, the **Enabling Business Environment Secretariat ("EBES")** was set up in October 2016 with the mandate to implement the reform agenda of PEBEC, which centers on the removal of critical bottlenecks and bureaucratic constraints to doing business in Nigeria and by so doing; "move Nigeria 20 steps upwards in the World Bank Ease of Doing Business Index" which would be published by the World Bank later this year. This newsletter highlights the reforms being driven by the various stakeholders with the support of PEBEC and EBES; as well as some of the successes that have so far been recorded during the 60 days implementation timeframe.

### **THE 60-DAY NATIONAL ACTION PLAN**

On February 21, 2017, PEBEC approved a **60-Day National Action Plan on Ease of Doing Business in Nigeria ("National Action Plan")**. The National Action Plan, which is an inter-ministerial, inter-governmental plan, is being driven by EBES for implementation by various Ministries, Departments and Agencies of government ("**MDAs**"). The key stakeholders who are collaborating on this initiative and have clear deliverables include the National Assembly, the Governments of Lagos and Kano States, and the private sector. The National Action Plan has now entered into its 30<sup>th</sup> day of implementation and focuses on the following **eight (8) areas**<sup>3</sup> as the "Strategy" for achieving results:

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<sup>1</sup> See the "Doing Business 2017" Report, International Bank for Reconstruction and Development / The World Bank, at page 7 – <http://www.doingbusiness.org/~media/WBG/DoingBusiness/Documents/Annual-Reports/English/DB17-Report.pdf>

<sup>2</sup> See "The Global Competitiveness Report 2016–2017", World Economic Forum, September 2016, at pages 44-45 – [http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017\\_FINAL.pdf](http://www3.weforum.org/docs/GCR2016-2017/05FullReport/TheGlobalCompetitivenessReport2016-2017_FINAL.pdf)

<sup>3</sup> The eight (8) areas form part of the indicators included in the World Bank's measurement of the Ease of Doing Business Index. See pages 1 & 2 of the "Doing Business 2017" Report, *ibid* at footnote 1.



- (i) *Starting a Business;*
- (ii) *Construction Permits;*
- (iii) *Getting Electricity;*
- (iv) *Registering Property;*
- (v) *Getting Credit;*
- (vi) *Paying Taxes;*
- (vii) *Trading Across Borders; and*
- (viii) *Entry and Exit of People*

The EBES identified six (6) broad challenges affecting ease of doing business in Nigeria, all of which are to be frontally dealt with, within the 60 days implementation timeframe. The challenges were stated to include the following:

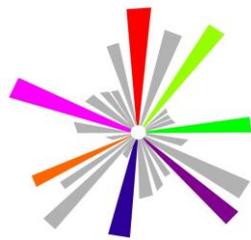
- Starting a business in Nigeria can be difficult, requiring two (2) times as many procedures and three (3) times the amount of time as in developed economies;
- Obtaining construction permits in Nigeria involves manual submission of several documentations, higher fees and longer procedures than most countries;
- Registering property in Nigeria requires two (2) times the cost and number of procedures, and three (3) times the amount of time as in leading countries;
- Whilst the strength of legal rights to credit in Nigeria is admirable, the country's Collateral Registry is under-utilized and Credit Bureau coverage is below average;
- Exporting from Nigeria can require almost ten (10) times the amount of time and five (5) times the cost as leading nations, with similar gaps for importing;
- Visiting and working in Nigeria - from getting travel documentation to using Nigeria's international airports - are not up to par with similar economies and leading countries.

## **THE INITIATIVES**

To address the challenges stated above, different arms of government particularly the Legislature and specific MDAs formed alliances and formulated initiatives which are targeted towards streamlining processes as well as cost (in terms of fees and time) of doing business in Nigeria. These stakeholders include the Corporate Affairs Commission ("**CAC**"); Lagos State Government ("**LASG**"), the Kano State Government, the National Assembly ("**NASS**"); CBN; Federal Inland Revenue Service ("**FIRS**"); Nigeria Customs Service ("**NCS**"); Nigerian Ports Authority ("**NPA**"); Nigeria Immigration Service ("**NIS**"); Federal Airports Authority of Nigeria ("**FAAN**") and; the Federal Ministry of Finance ("**FMF**").

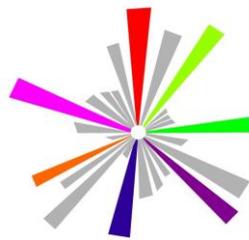
### **On Starting a Business**

The following reforms are being implemented by the CAC with the cooperation of the FIRS:



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| S/No | Identified Challenges  | Reforms (Ongoing & Completed)  | Results  |
|------|--|--|--|
| 1.   | Promoters of new companies were exposed to risk of reserving company names which were similar to names of already registered companies; thereby wasting time and resources in the process. | To operationalise name searches on CAC's online portal.  | <ul style="list-style-type: none"> <li>▪ Twelve (12) hour timeline for name reservations which would be included in the updated Companies Regulations scheduled to be published by the CAC within the next thirty (30) days.</li> <li>▪ Introduction of twenty-four (24) hour timeline for determination of applications for consent to use restricted names.</li> </ul> |
| 2.   | Promoters of new companies were unable to upload their documents online on CAC's portal.   | <ul style="list-style-type: none"> <li>▪ Enabling online submission of registration documents.</li> <li>▪ Improving reliability of CAC online portal.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Upload functionality is now available on the CAC online portal to enable e-submission of registration documents.</li> <li>▪ Physical visits to CAC locations will be eliminated.</li> </ul>   |
| 3.   | Frequency in downtime of CAC portal/servers, thereby preventing business owners from registering their businesses in a timely and efficient manner.  | Improving reliability of CAC online portal through relocation of servers from CAC premises.  | <ul style="list-style-type: none"> <li>▪ Uptime expected to be greater than 99%.</li> <li>▪ Increased confidence in CAC online process.</li> </ul>   |
| 4.   | Business owners hoping to start a business had to fill seven (7) forms to facilitate incorporation process.  | Consolidation of incorporation forms into one (1) single form.   | <ul style="list-style-type: none"> <li>▪ Introduction of a single form for incorporation.</li> <li>▪ Simplified application process.</li> <li>▪ Consequential reduction of statutory fees payable for e-registration of</li> </ul>   |



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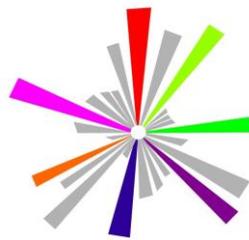
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|    |   |  | companies.   |
| 5. | Business owners currently go through stress and delays in making payment of stamp duties to the FIRS via a different payment system and also have to make physical submissions of documents for stamping. | Integration of FIRS e-payment solution into CAC online portal.   | <ul style="list-style-type: none"> <li>▪ Quick and convenient e-payment and e-stamping solutions have been integrated into CAC online portal.</li> </ul>       |
| 6. | Previously there were multiple CAC websites, which created confusion as to which website to visit for current information on processes for registration of companies.                                     | <ul style="list-style-type: none"> <li>▪ Harmonisation of CAC websites into a single website.</li> <li>▪ Improvement on content and upgrade of design of the website.</li> </ul> | <ul style="list-style-type: none"> <li>▪ Clarity of applicable website.</li> <li>▪ Improved content and layout has made website more user friendly.</li> </ul> |

❖ ***The overall impact which the above reforms are expected to have is to reduce the “number of days” required for registering companies from ten (10) days to one (1) day (24 hours).***

### **On Obtaining Construction Permits**

The following reforms are being implemented by the LASG to ease doing business in Lagos State, the nation’s commercial capital:

| S/No | Identified Challenges   | Reform (Ongoing & Completed)  | Results   |
|------|---|---|---|
| 1.   | Construction permits’ procedures currently require manual submission of a large set of documents.   | Operationalise e-planning platform for Lagos State.   | <ul style="list-style-type: none"> <li>▪ Ability to submit and track applications online.</li> <li>▪ Reduced time to secure permits.</li> </ul>                 |
| 2.   | Lack of clarity on applicable rules, fees, and procedures, and in what situations same applied. Also, lack of clarity on qualifications of architects and engineers who are empowered to supervise construction activities. | <ul style="list-style-type: none"> <li>▪ Publication of rules, fees and procedures on Lagos State Physical Planning Permit Authority (LASPPPA) website.</li> <li>▪ Laws relating to qualification of architects and engineers who are legally empowered to</li> </ul> | <ul style="list-style-type: none"> <li>▪ Predictability of fees during application processes.</li> <li>▪ Transparency of planning permit assessment.</li> </ul> |



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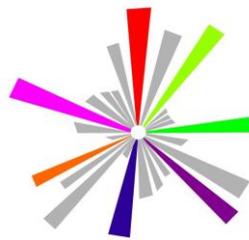
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|    |  | supervise construction activities have also been published on LASPPPA website.                   |   |
| 3. | Criteria for waiver of requirement for soil tests and environmental tests were unclear, and this appeared to be the time-consuming portion of the process for getting permits. | Working to limit soil tests and Environmental Impact Assessment (EIA) only to specialized cases. | <ul style="list-style-type: none"> <li>▪ Soil tests for constructions below four (4) storeys which are not in marshy areas have been eliminated.</li> <li>▪ EIA test requirement for low scale construction has been eliminated.</li> </ul> |

❖ ***The overall impact which the above reforms is expected to have is to reduce the time required to procure construction permits from forty-two (42) days to twenty (20) days.***

### On Registering Property

The following initiatives are also to be implemented by the LASG to ease the process of getting title to properties in the nation's commercial capital:

| S/No | Identified Challenges   | Reform (Ongoing & Completed)  | Results   |
|------|---|---|---|
| 1.   | Presently, different fees are required to be paid at different stages of title registration. The applicant would therefore be required to undertake several visits to the land registry before the registration is completed. | Consolidation of payment of several fees into one payment.  | <ul style="list-style-type: none"> <li>▪ An applicant for registration of title to property will only have to make a single payment.</li> </ul>         |
| 2.   | It is currently difficult to provide constructive feedback on the title registration process and advocate for changes.  | Complaints mechanism is now available for providing feedback and information on the Complaints Unit has been published. | <ul style="list-style-type: none"> <li>▪ A functional complaints mechanism with guaranteed acknowledgment.</li> </ul>                                   |
| 3.   | Processing time for issuance of Governor's Consent in Lagos State exceeds those of other countries with similar laws, and the governor is regularly presented with a large number of applications.                            | To reduce the time spent in processing and obtaining Governor's Consent.  | <ul style="list-style-type: none"> <li>▪ E-signing of Governor's Consent.</li> <li>▪ Delegation of consent powers to Commissioners to reduce</li> </ul> |



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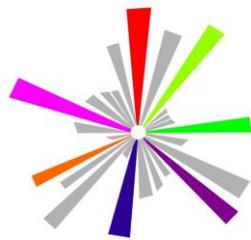
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|    |  |   | time spent in processing and obtaining Governor's Consent.  |
| 4. | Cumbersome legal process/ requirement for conducting due diligence on properties at the Land Registry. | Eliminate requirement for sworn affidavit for property search at the Land Registry. | <ul style="list-style-type: none"> <li>▪ Streamlined and seamless process for conducting search on properties.</li> <li>▪ Eliminated the requirement for a sworn affidavit for a property search at the Land Registry.</li> </ul> |

❖ ***The expected overall impact of the above reforms is the reduction of the number of days for registering property from seventy-seven (77) days to thirty (30) days.***

### **On Getting Credit**

The following reforms are being driven by both the NASS and the CBN to enhance credit transactions secured by movable property in Nigeria:

| S/No | Identified Challenges  | Reform (Ongoing & Completed)  | Results   |
|------|--|---|---|
| 1.   | The use of movable assets to secure credit transactions is presently undeveloped and underutilised.                                  | National Assembly set to pass relevant legislation to ease access to credit, such as the Secured Transactions in Movable Assets (Collateral Registry) Bill and the Credit Bureau Services Bill. | <ul style="list-style-type: none"> <li>▪ Usage of movable assets as collateral to be enabled/enhanced.</li> <li>▪ Enhancement of the legal framework for operation of Credit Bureaus and Collateral Registry.</li> </ul>                      |
| 2.   | Many Nigerians do not have their credit history/profiles captured; hence lenders do not have enough data to make informed decisions. | Support credit bureaus to expand coverage and provide credit scoring.   | <ul style="list-style-type: none"> <li>▪ Expanded coverage of adult population regarding credit data/history to enable credit decision making.</li> <li>▪ Increased credit information sharing between Credit Bureaus and lenders.</li> </ul> |



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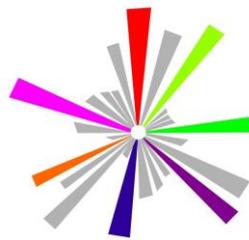
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|    |  |  | <ul style="list-style-type: none"> <li>▪ Increased sensitisation and utilisation of Credit Bureau Services; including credit scoring, to enable credit decision making.</li> </ul>  |
| 3. | The National Collateral Registry is under-utilized by financial institutions despite the fact that it has been operational since May 2016. | Online searches of movable assets to be made available to the public and the digital collateral registry made fully operational. | <ul style="list-style-type: none"> <li>▪ Online searches of movable assets can be undertaken by interested parties.</li> <li>▪ Online registrations, amendments and cancellations can be done by lenders seamlessly.</li> </ul> |

❖ ***The overall impact of the above reforms is that Micro, Small and Medium Enterprises will have more access to credit and ultimately at cheaper rates.***

### **On Trading Across Borders**

The following initiatives are being implemented through the collaboration among various agencies such as the NCS, NPA, CBN, and the FMF:

| S/No. | Identified Challenges  | Reform (Ongoing & Completed)   | Results   |
|-------|--|--|---|
| 1.    | Goods coming into the country are stacked haphazardly, without pallets, making physical examination impractical.   | Cargo imports into Nigeria are now expected to be placed in pallets.             | <ul style="list-style-type: none"> <li>▪ Quicker physical examinations.</li> <li>▪ Utilisation of modern equipment for effective and efficient examination of cargo.</li> </ul> |
| 2.    | Manifests are not always available prior to arrival of ships, leading to sub-optimal offloading of cargo.  | Terminal Operators to be provided with Cargo Manifests in advance.               | <ul style="list-style-type: none"> <li>▪ Optimised placement of containers.</li> <li>▪ Improved risk assessment.</li> </ul>   |
| 3.    | The current practice for examination of imports forces importers to seek out and schedule by themselves dates for examination of cargo by the NCS and other relevant agencies such as the Standards Organisation of Nigeria, National Agency for Food and Drug Administration and Control, | NCS has been mandated to take a lead role in scheduling of examination of cargo. | <ul style="list-style-type: none"> <li>▪ Single point of contact for examination.</li> <li>▪ Same day sign-off of examination by the NCS and relevant agencies.</li> </ul>      |



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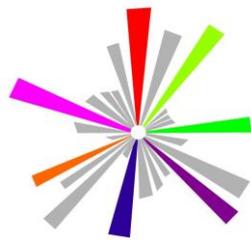
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|    | etc.   |  |  |
| 4. | Current export process is manual, with inconsistent timelines for processing pre-shipment documentation. | Pre-shipment process for exports to be optimised.              | <ul style="list-style-type: none"> <li>▪ Up to 50% reduction in the processing time for export documentation.</li> <li>▪ Automated scheduling of inspections by pre-shipment inspection agents.</li> </ul> |
| 5. | Number of documents required for import and export in Nigeria is higher than other African countries.    | Reduction of documentation requirements for import and export. | <ul style="list-style-type: none"> <li>▪ Reduction in time for import and export.</li> </ul>   |

❖ ***The overall impact of the above reforms is to achieve 50% reduction in Export & Import time.***

### **On Entry and Exit of People**

The following initiatives are being implemented through synergetic relationships among federal government agencies, such as the NIS and FAAN, which are involved in the administration of inward and outward movement of people in Nigeria:

| S/No. | Identified Challenges   | Reform (Ongoing & Completed)   | Results   |
|-------|---|--|---|
| 1.    | Travelers had to fill multiple forms on arrival in or departure from Nigeria without sufficient clarity on the process. | Consolidation of arrival and departure forms.  | <ul style="list-style-type: none"> <li>▪ Single form for departure and arrival (for non-Nigerians only).</li> <li>▪ Proper clarity for travelers.</li> </ul>  |
| 2.    | Visa on Arrival application process was unclear and also had to be submitted in person.                                 | Simplification of application and submission processes for Visa on Arrival requests. | <ul style="list-style-type: none"> <li>▪ Submission of applications and receipt of approval letters can now be done electronically via a dedicated email address (<a href="mailto:oa@nigeriaimmigration.gov.ng">oa@nigeriaimmigration.gov.ng</a>).</li> <li>▪ 48-hour timeline for pre-approval.</li> <li>▪ Website improvement for increased transparency around application process.</li> </ul> |
| 3.    | Passengers undergo manual   | Elimination of manual  | <ul style="list-style-type: none"> <li>▪ No manual searches of</li> </ul>   |



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|    | searches of baggage at departure points at the airports, which is intrusive and time-consuming.                              | baggage searches through upgrade of relevant equipment.                              | baggage. <ul style="list-style-type: none"> <li>▪ Less delay during departure.</li> </ul>   |
| 4. | Major infrastructure deficits at Lagos and Abuja airports such as decrepit elevators, escalators and chillers.               | To upgrade infrastructure at the Lagos & Abuja airports.                             | <ul style="list-style-type: none"> <li>▪ Functional infrastructure at Lagos and Abuja airports.</li> <li>▪ Clearly defined maintenance schedules.</li> </ul>    |
| 5. | No timeline for issuance of visas at Nigerian missions abroad resulting in huge delays with processing of such applications. | Enforcement of a 48-hour timeline for issuance of visas at Nigerian missions abroad. | <ul style="list-style-type: none"> <li>▪ Improved and efficient process for issuance of visas at Nigerian missions abroad within a 48-hour timeline.</li> </ul> |

❖ ***The overall impact of the above reforms is to achieve a 48-hour visa processing timeline & improved traveler experience at Nigeria's international airports.***

### CONCLUDING REMARK

The 60–Day National Action Plan is, in our considered opinion, a step in the right direction. We believe that if the current efforts of the FGN and the respective stakeholders in driving and implementing the promised reforms are sustained, the overall goal to “move Nigeria 20 steps upwards in the World Bank Ease of Doing Business Index”, in the short to medium term, would be achieved.

***The Grey Matter Concept is an initiative of the law firm, Banwo & Ighodalo***

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