



**AMERICAN  
BUSINESS COUNCIL**  
Promoting Nigeria-America Economic  
Partnership



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**Nigerian-American  
Chamber of Commerce**



# *Ease of Doing Business in Nigeria*

5/27/2018

AMERICAN BUSINESS COUNCIL



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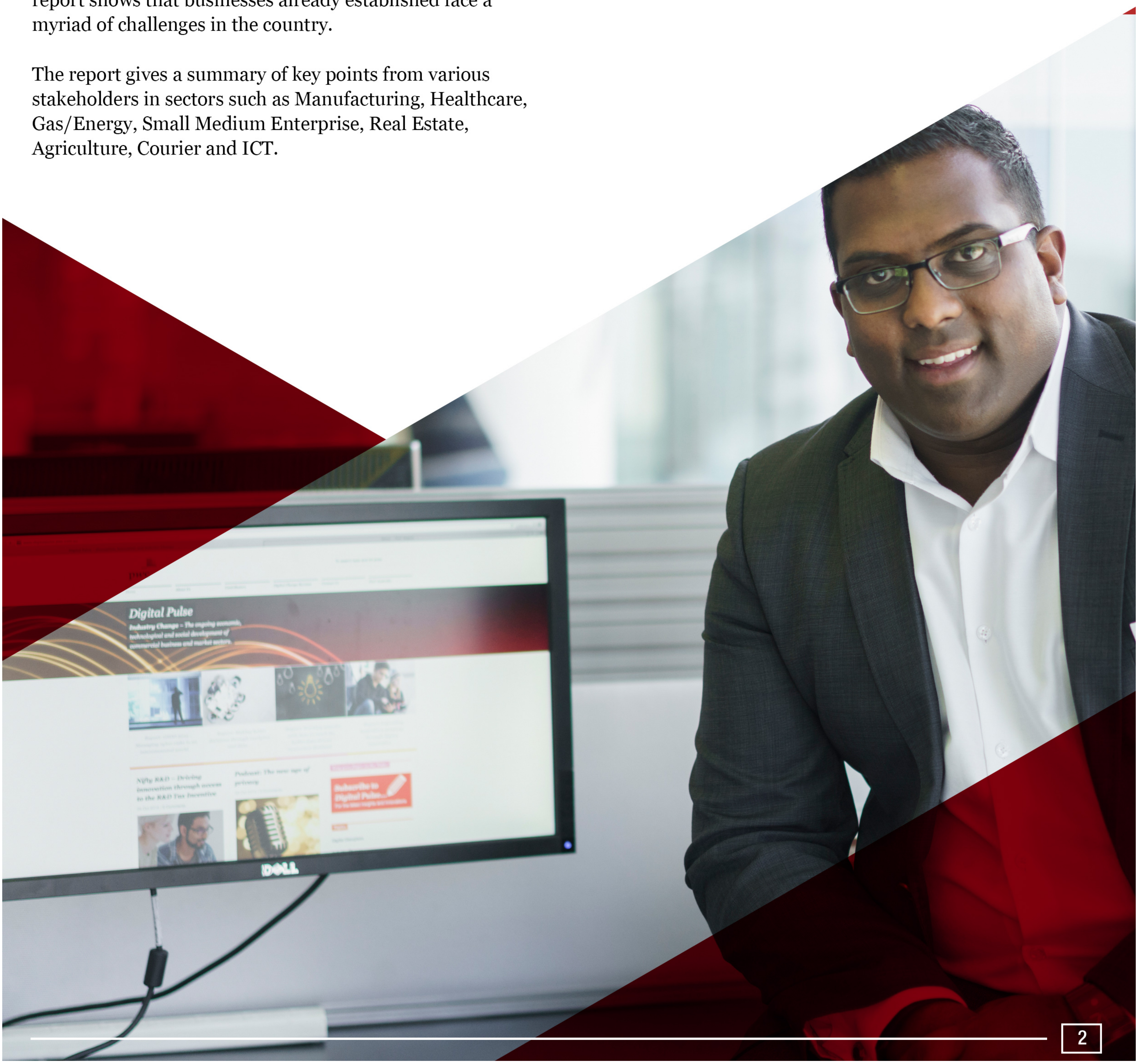


# Executive Summary

The Doing Business Report by World Bank is a report done yearly that is aimed to measure the costs to firms of business regulations in 190 countries. The study has become one of the flagship knowledge products of the World Bank Group in the field of private sector development and has motivated the design of several regulatory reforms in developing countries.

However, the American Business Council in collaboration with the Nigerian Economic Summit Group and the Nigerian-American Chamber of Commerce had various stakeholders from various sectors of the economy to discuss and examine the Ease of doing Business landscape post-recession with the aim of identifying new and emerging challenges. The report shows that businesses already established face a myriad of challenges in the country.

The report gives a summary of key points from various stakeholders in sectors such as Manufacturing, Healthcare, Gas/Energy, Small Medium Enterprise, Real Estate, Agriculture, Courier and ICT.





# Introduction

Nigeria has improved its performance with respect to simplifying its mode of operation, ensuring transparency and facilitating access. These are hugely important, of course, but the challenges in, for instance, getting electricity, trading across borders and enforcing contracts go well beyond issues of process; they relate to substantive issues, such as costs, efficiency of service delivery, the quality of legal infrastructure, the density of regulation and enforcement. Starting a business years ago would have been tough and we acknowledge the Governments role on improving the ease of doing business in Nigeria.

The PEBEC made strides in reducing the number of agencies in Nigerian ports to allow ease of entry and exit of goods and people. Accordingly, the impact of these reforms was evident in the recently released Doing Business 2018 report titled “Reforming to Create Jobs” as Nigeria moved up 24 places (surpassing the target of 20) to 145th and ranked in the top 10 most improved countries.

**The key areas Nigeria improved the most include:**

- 1 Starting a business (online registration of businesses and reduced turnaround time);
- 2 Getting construction permits;
- 3 Registering property;
- 4 Getting credit; and
- 5 Payment of taxes (electronic payment and filing).

However, our report show that businesses already established face a dire of challenges in the country.

The Ease of Doing Business is indicative of how favorable an economy is for business operations. These are important considerations for Foreign Direct Investors who are not only interested in the macro-economy but are also interested in the existing regulatory framework, policy and security. Essentially, these investors are interested in anything that can affect the success of their investments. This brings up the issue of competitiveness.

SSA Country	Ease of Doing Business - SSA Rank	Ease of Doing Business - Global Rank	GDP Growth (%) (Q2'17)	Inflation (%) (Sept'17)	YTD Currency Movement
Rwanda	2	41	4	7.10	-3.52
Kenya	3	80	5	5.72 (Oct)	-0.8
Botswana	4	81	1	3.20	1.23
South Africa	5	80	1.10	5.10	-1.64
Ghana	12	120	9	12.20	-2.26
Nigeria	21	145	0.55	15.98	-11.6

Table comparing SSA countries across the three major regions (South, East & West Africa), using variables important to investment considerations. The Currency Movement column records the YTD gains and losses in the Spot Exchange Rate. Sources: Bloomberg, World Banks, Trading Economics.

When international organizations are looking to enter into a new region, they examine a wide range of variables such as size of potential market, and the ease of doing business. Investors are looking to avoid markets with a strong presence of politics & bureaucracy, coupled with high operating costs.

In West Africa, for example, Nigeria’s growing middle class may attract a global organization that manufactures and sells clothing. However, Nigeria’s poor score on ease of getting electricity and trading

across borders could deter such an organization.

Alternatively, Ghana, which not only performs better on these fronts, but also boasts of a stable exchange rate and faster economic **growth (8.5% in 2017)**, might prove a preferred market.

The above also applies to investments by domestic businesses. The tough regulatory environment forces businesses to stay small and in the shadows. This is one of the reasons why Nigeria has one of the largest informal economies.

forces businesses to stay small and in the shadows. This is one of the reasons why Nigeria has one of the largest informal economies.

In summary, the friendlier an economy is to business operations, the more attractive it is for investments, which is a vital catalyst of economic growth and development.

Therefore, Nigeria’s rise in the Ease of Doing Business Index is laudable and positive for the recovery path.



# Small, Medium Enterprise



According to the United Nations Industrial Development Organization (UNIDO), developing countries can conquer poverty and inequality by democratizing, deregulating, and liberalizing the integration of global economy. Recent studies have shown that SMEs contribute to over 55% of GDP and over 65% of total employment in high income countries also that SMEs and informal enterprises account for over 60% of GDP and over 70% of total employment in middle income countries (OECD, 2004).

SMEs are important role players in contributing to the transition of agriculture led economies to industrial ones, SMEs help in the absorption of productive resources at all levels of the economy and contribute to the building of flexible economic system in which small and large firms are interlinked. According to Kongolo (2010), SMEs are responsible for the growing forces of the largest growing economy China in terms of national GDP contribution which amount up to 60% diversification of product, scale of assets and creation of employment.

The nation needs the Small and Medium Enterprises (SMEs) because they contribute meaningfully to economic development. They are in the forefront of output expansion, employment generation, income redistribution, promotion of indigenous entrepreneurship and production of primary goods to strengthen industrial linkages.

Many factors have been identified as to the possible causes or contributing factors to the premature death. Key among this include insufficient capital, lack of focus, inadequate market research, over concentration on one or two markets for finished products, lack of succession plan, inexperience, lack of proper book keeping, lack of proper records or lack of any records at all, inability to separate business and family or personal finances, lack of business strategy, inability to distinguish between revenue and profit, inability to procure the right plant and machinery, inability to engage or employ the right calibre staff, painlessness, cut-throat competition, lack of official patronage of locally produced goods and services, dumping of foreign goods.

The various governments have helped a lot in addressing this issue. Some of the measures include various grants by Federal Government, low interest loan from BOI and Bank of Agriculture, CBN SMEs Initiatives through the banks. Lagos State is also trying through the Lagos State Entrepreneurial Trust Fund (LETf). All other states should emulate this initiative of Lagos State Government that has assisted over 3,000 businesses.

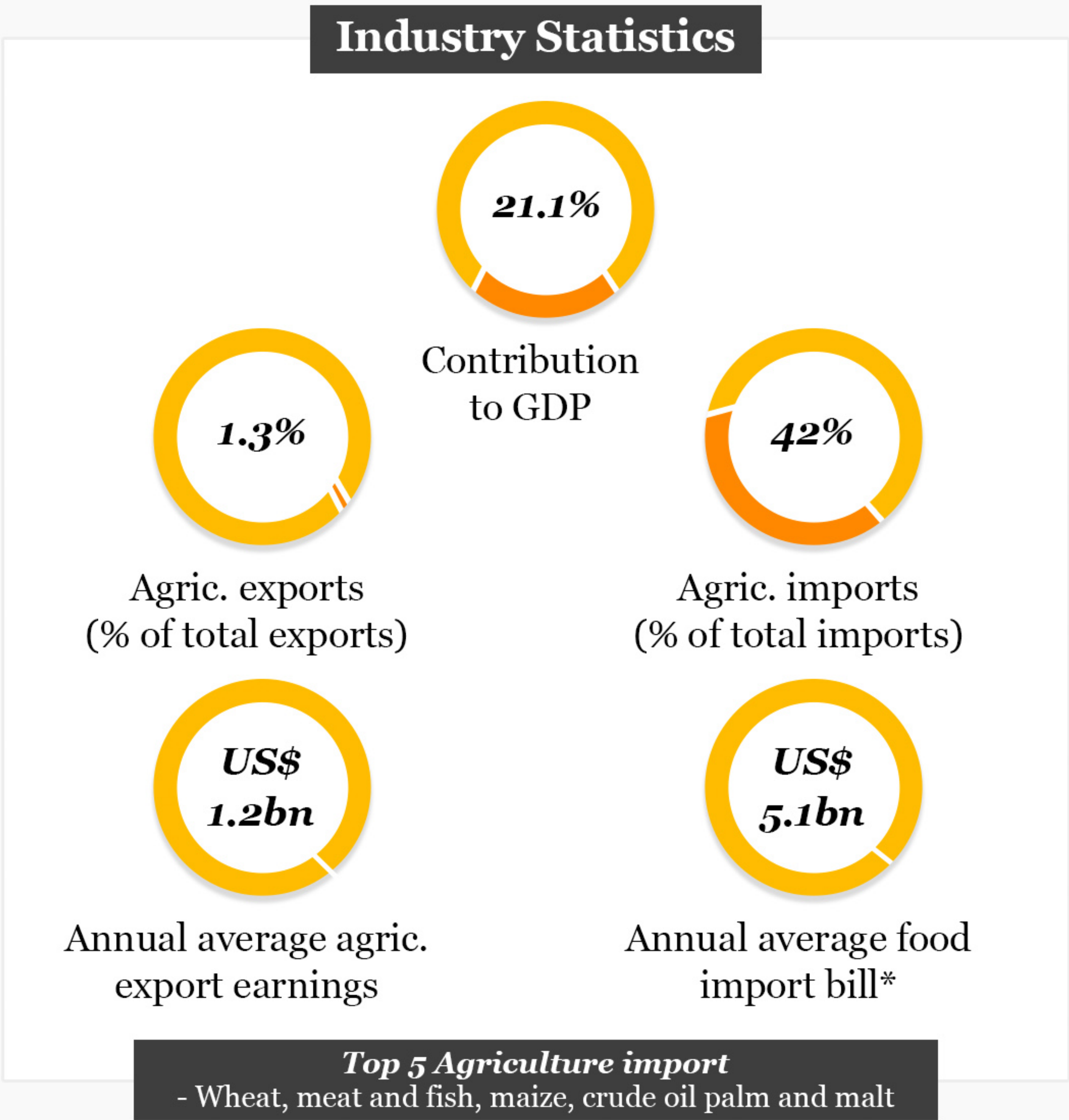
The PEBEC's two key Executive Bills - Collateral Registry Bill & Credit Services Bureau Bill - were passed into law with the objective to aid access to credit for SMEs.



Challenges	Short / Mid Term	Long Term
Cost of starting a business is high	Tax breaks should be given to SME's to enable them pay off their loans and get established.	Address the infrastructural challenges – electricity, water and transportation (road & rail)
Inaccessible loans	SME's need financial education on book keeping. Banks will not lend to SME's without records of the business	
Various government bodies involved	Harmonize Government institutions that play a role in this space. BOI, BOA and Commercial banks are involved in the space but it needs to be harmonized into one block.  Currently many SMEs in Nigeria are yet to tap into the AGOA opportunity. SME's should be sensitized on this.	
Poor skilled work force	Regulatory bodies that will regulate and offer licenses to vocational workers such as carpenters, plumbers	Create an environment that will educate the youths on Vocational knowledge  Capacity building for young budding entrepreneurs especially in terms of business knowledge, self-confidence, skills and attitude, acquisition and development of entrepreneurial spirit and right business motivation and ability to set goals are imperatives for entrepreneurial success.

Agriculture

State of the sector & impact made on Businesses

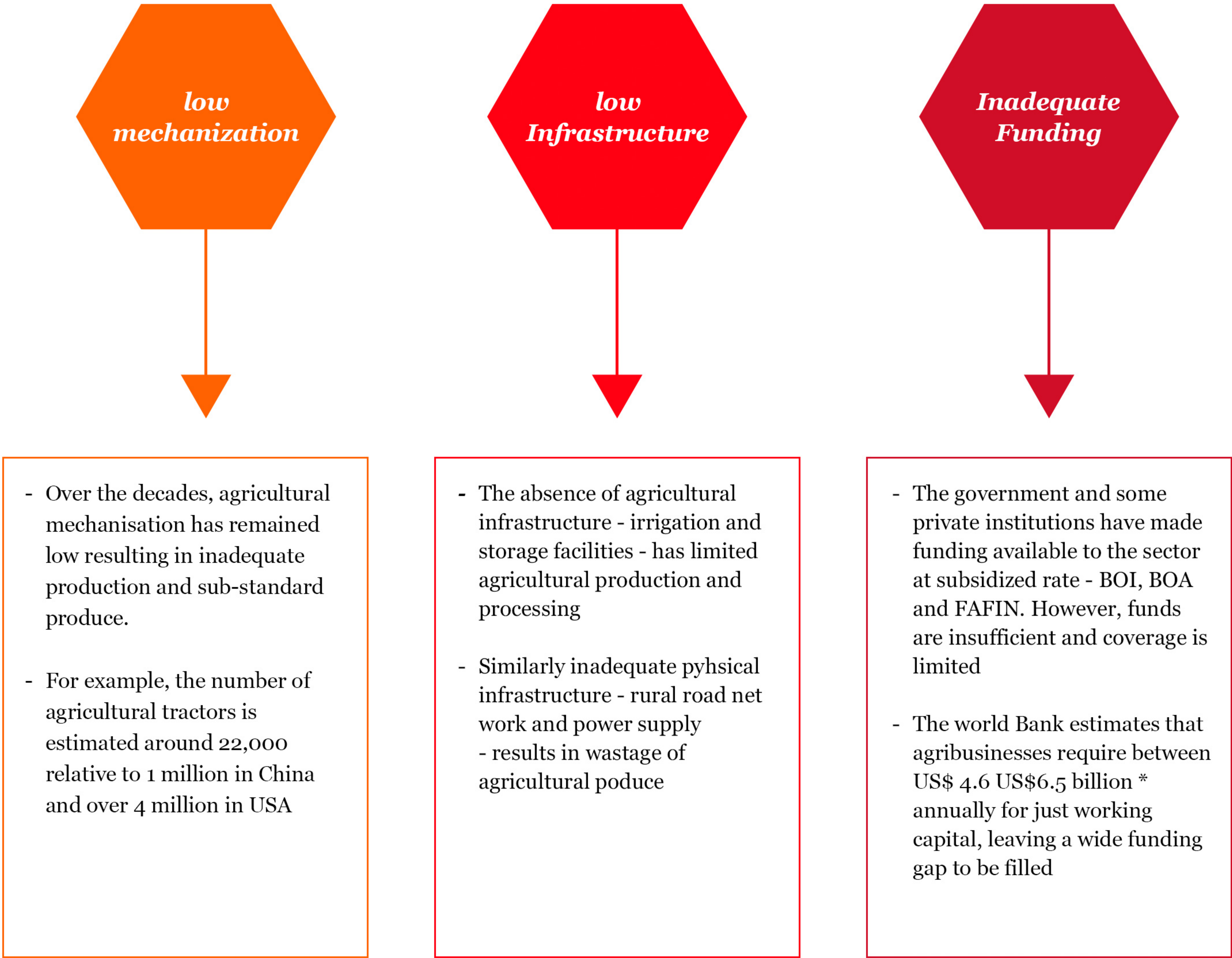


A well-structured agribusiness can become the engine for economic growth and reduce Nigeria's over dependence on oil. However, challenges include:

- Inadequate linkages across all the players in the agriculture value chain
- Inadequate technical skills which have impacted agricultural productivity
- Low mechanisation which has limited agriculture production and processing capacity across the value chain
- Inadequate infrastructure including transportation and storage, which increases post-harvest losses
- High cost of financing has limited farmers' access to inputs and increased the operational cost of processors



3 KEY CHALLENGES THAT IF RESOLVED WILL EASE 80% OF THE ISSUES





Challenges	Short Mid Term	Long Term
<p>The Absence of agriculture infrastructure - irrigation and storage facilities - has limited agricultural production and processing which increases post - harvest losses</p> <p>Similarly inadequate physical infrastructure - rural road network and power supply - results in wastage of agriculture produce</p> <p>Inadequate linkages across all the players in the agriculture value chain</p>	<p>Review of relevant seed laws to expedite commercialization of improved seed varieties</p> <p>Strengthen anti-piracy laws and enforcement framework to curb counterfeiting inputs</p> <p>Increase extension focused on production and post harvest handling</p> <p>Increase the use of mobile crop information services to share valuable information with farmers - weather updates and improved production techniques</p> <p>Set up more marketing boards to purchase produce for further processing and possible exports</p>	<p>Improve rural infrastructure to reduce transportation costs and increase accessibility to markets</p>
<p>Low mechanisation which has limited agriculture production and processing capacity across the value chain</p> <p>Over the decades, agricultural mechanisation has remained low resulting in inadequate production and sub-standard produce</p> <p>For example, the number of agricultural tractors is estimated around 22,000 relative to 1 million in China and over 4 million in USA</p>		<p>Encourage investments in custom hiring services to improve mechanisation</p>
<p>The government and some private institutions have made funding available to the sector at subsidized rates - BOI, BOA and FAFIN. However, funds are insufficient and coverage is limited</p> <p>The world Bank estimates that agribusinesses require between US\$ 4.6 US\$6.5 billion * annually for just working capital, leaving a wide funding gap to be filled</p>	<p>Improvement and scale-up of the existing Growth Enhancement Support Scheme (GESS)</p>	<p>Encourage investments in the Staple Crop Processing Zones</p>

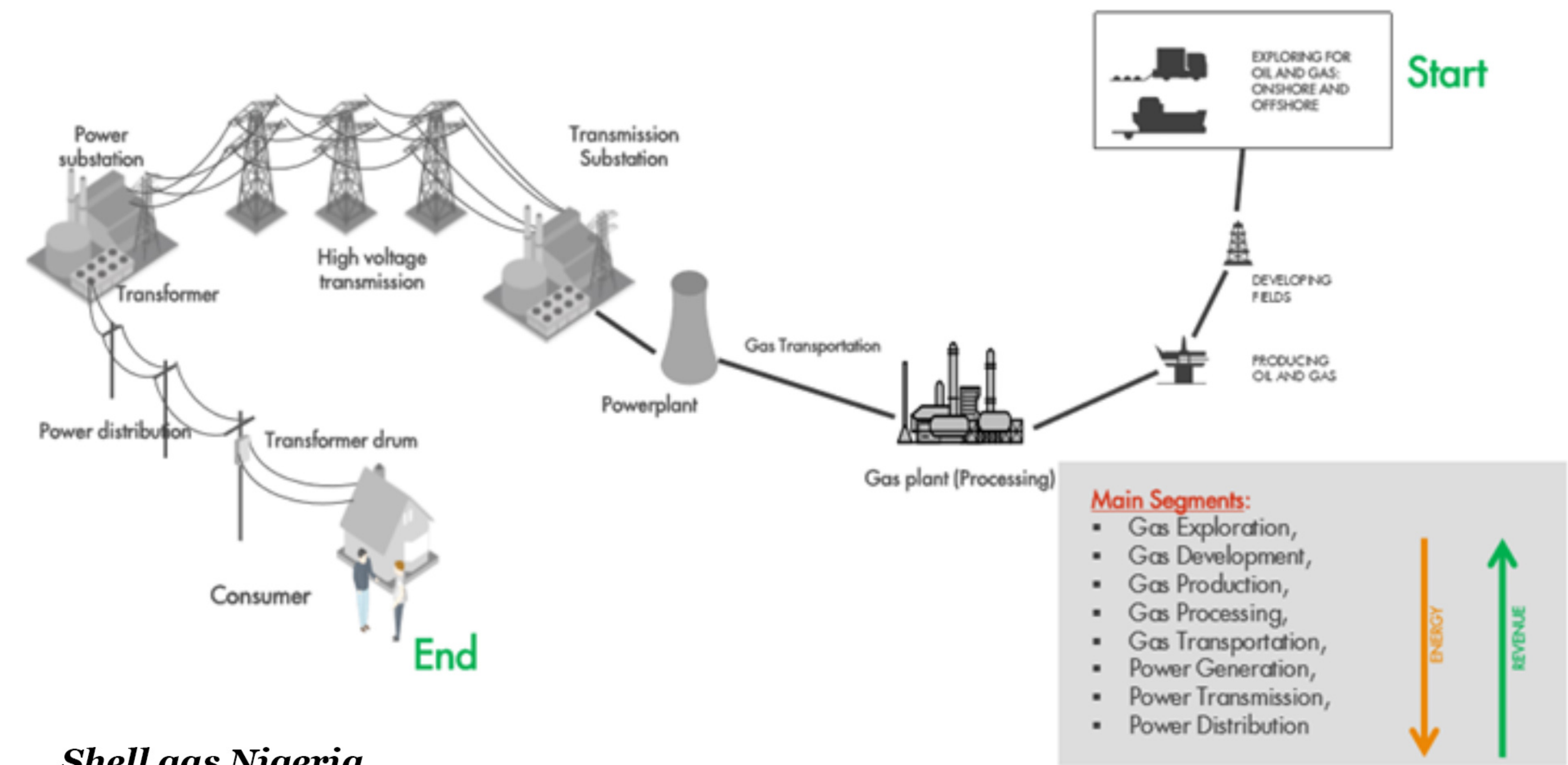


# Energy / Gas

## STATE OF THE SECTOR & IMPACT MADE ON BUSINESSES

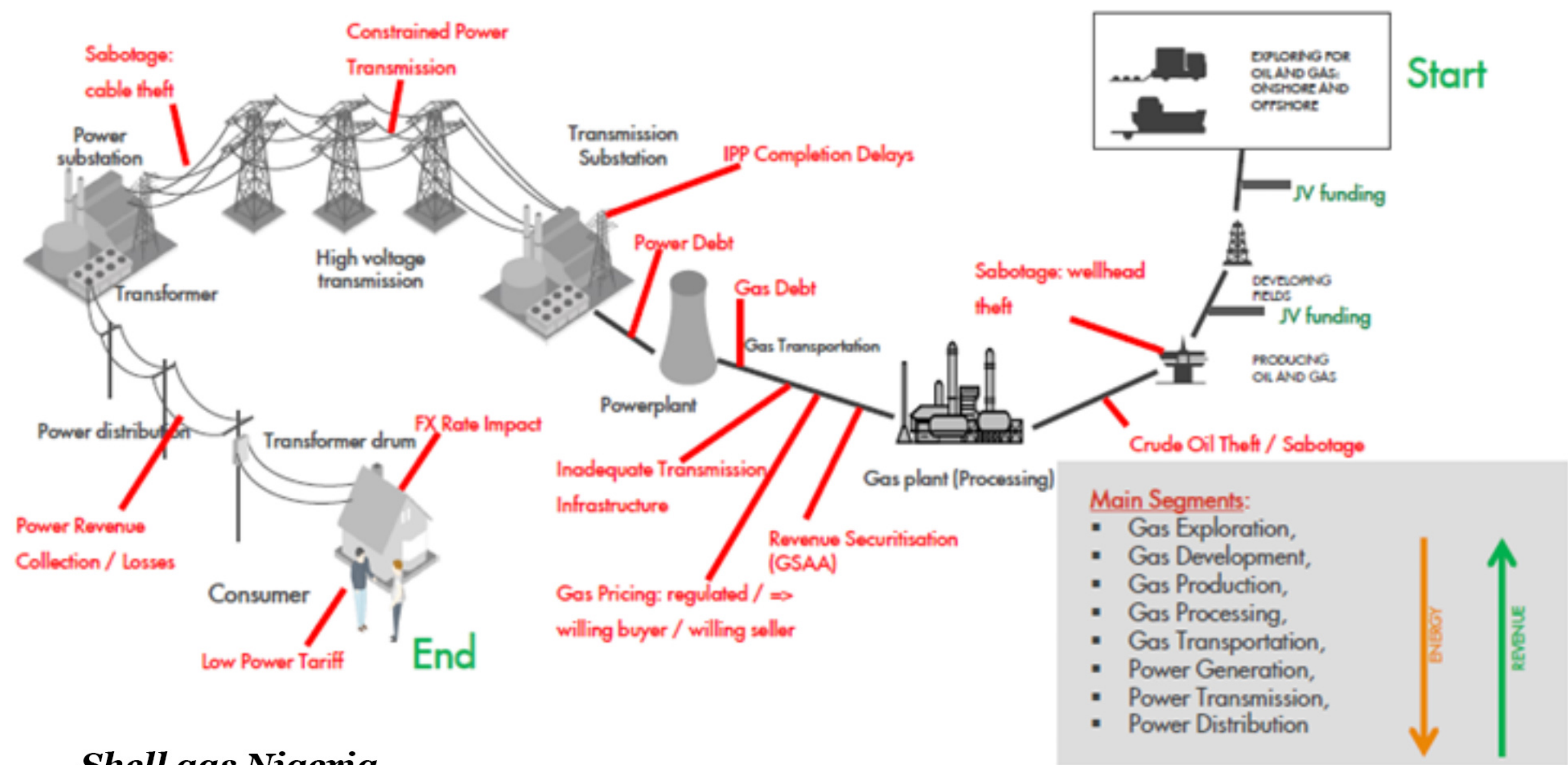
- Nigeria is blessed with abundant natural gas resource that is sweet and rich in liquids.
- Nigeria Gas Revolution of 2011 and the National Gas Policy 2017: was inspired by rapid development in gas-rich countries such as Qatar, Saudi Arabia, Russia, and Iran etc.
- The Business Environment for Gas in Nigeria: challenging landscape with emerging opportunities tomorrow- regulated Market (DSO regime), Gas & Power Debts, Limited Gas Infrastructure, Security challenges and bunkering activity in the Niger Delta.
- Gas-dependent industries: such as power, petrochemicals, methanol, steel, fertilizer, glass, plastics, etc. provides millions of jobs which helps in generating revenues, taxes, social stability, security, environment and improving GDP.

### GAS-TO-POWER: GAS-TO-POWER VALUE CHAIN



Shell gas Nigeria

### GAS-TO-POWER: VALUE CHAIN - UNVIALE AND UNSUSTAINABLE



Shell gas Nigeria

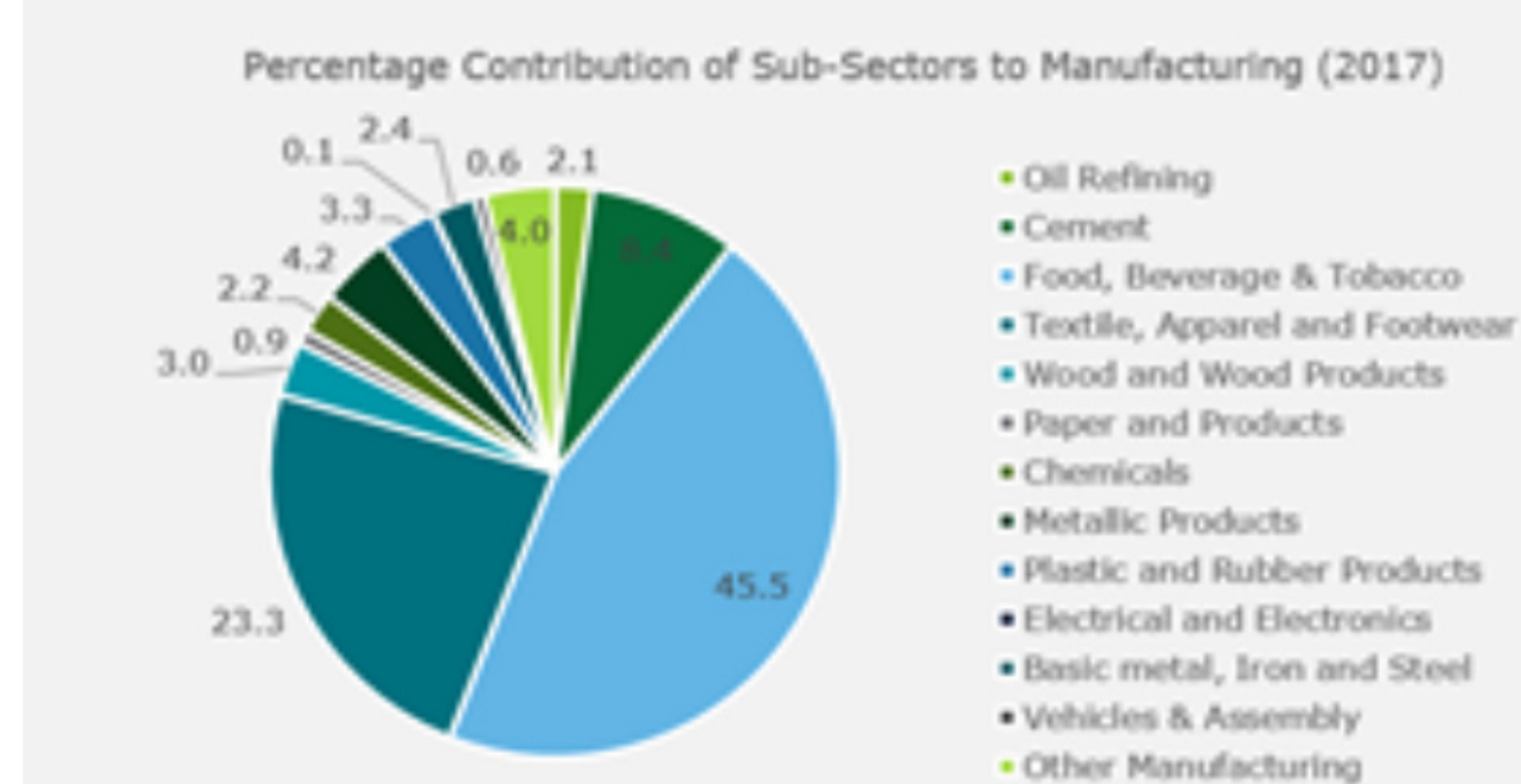
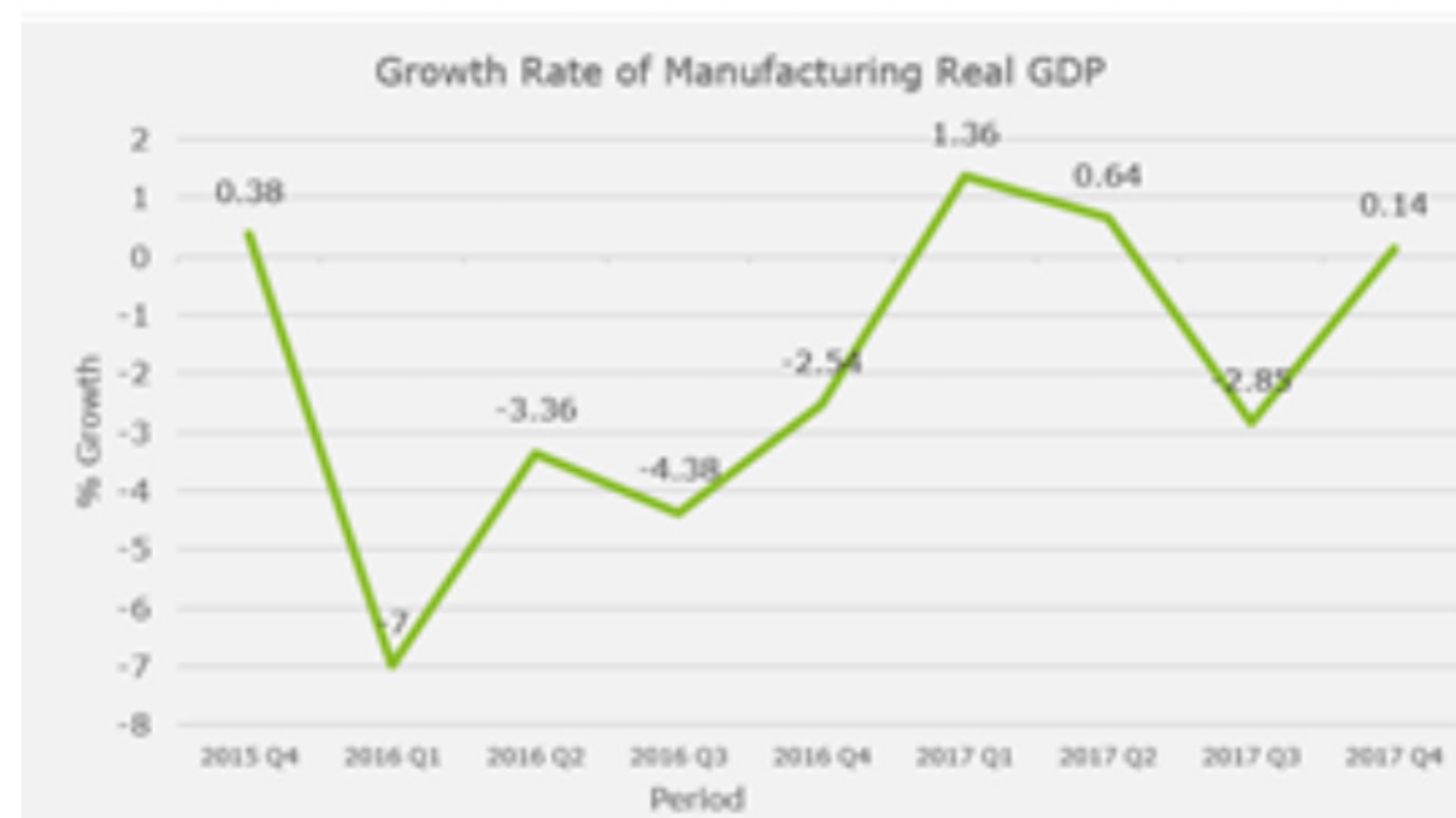


Challenges	Short / Mid Term	Long Term
<p>Inadequate financing has been a critical challenge in the gas sector as gas is been flared and no sufficient finance to build gas infrastructures.</p> <p>One of the big risks with gas is that once it is produced there is no storage hence the flaring</p>	<p>Gas fiscals to attract investments for up-stream and downstream development, grow the sector and develop economy.</p>	<p>Develop adequate gas and Power infrastructure.</p>
<p>Subsidizing the whole system (petrol/electricity) will not attract investment as individuals will game the system in order to get paid.</p>	<p>Cost-reflective power tariff to attract investments in the gas sector.</p> <p>Non- regulated regime, gas pricing mechanism (WB-WS) to unlock growth potentials.</p>	<p>Create credible value chains through partnerships, and credible customer base to financially sustain investments in gas and power sectors.</p>
<p>Gas &amp; Power Debts</p>	<p>Resolve liquidity and payment problems with the Gas-to-Power value chain (which accounts for circa 70%+ of domestic gas utilization).</p>	<p>Increased investment in technology including digitization and payment system will lead to huge cost savings and enable stay ahead of the curve.</p> <p>Electronic integration and transparency of activities</p>
<p>Insecurity -Security challenges and bunkering activity in the Niger Delta. It takes a lot to convince an investor who to invest in the Southern part of the country. One is not convinced that one day someone is not going to kidnap him/her and ask for huge sums of money.</p>	<p>Security in the industrial areas should be improved.</p>	
<p>Passage of the PIGBill</p>	<p>Passage of the bill and implementation</p>	



# Manufacturing

## STATE OF THE MANUFACTURING INDUSTRY



Source: NBS, Trading Economics, ERGP

### Insights

- ✓ An increased focus on diversification of the economy by the present administration has benefited the manufacturing sector.
- ✓ Manufacturing is centrally positioned in the ERGP with a planned growth rate of 4.92% y-o-y 2017 – 2020.
- ✓ The ERGP would consolidate upon the Nigeria Industrial Revolution Plan (NIRP) to rapidly build up industrial capacity within the country.
- ✓ With a last quarter growth of 0.14%, manufacturing contributed N10.044 trillion to the GDP in 2017.
- ✓ Food, Beverage & Tobacco represents 45.5% of the sector's contribution, the highest of all its sub-sectors. The recovering textile industry contributed 23.3%.
- ✓ 8 of the 13 manufacturing sub-sectors recorded y-o-y growth in 2017.
- ✓ The manufacturing PMI stayed positive (above 50%) for last 9 months of 2017, and has sustained the positive outlook into 2018.
- ✓ With a capacity utilization of 55% Nigeria's manufacturing sector is one of the best performing in Sub-Saharan Africa.

### Recent Top Manufacturing Investments



Amongst others Dangote Refinery bodes good fortune for the Nigerian manufacturing sector.



## 3 KEY CHALLENGES THAT IF RESOLVED WILL EASE 80% OF THE ISSUES

### Top 3 Challenges

#1



#### Poor Power Supply

Cost of power generation remains the single largest challenge to manufacturing in Nigeria. Could be up to 50% of total cost

#2



#### Cheaper Substitute Products

Availability of cheaper alternates/imports from Asia makes Nigerian products not competitive in the market place. This reduces ROI which is needed to grow businesses

#3



#### Poor Road Infrastructure

Bad roads introduce high cost and risk

### Other Challenges



Unavailability & Volatility of FOREX



Reliance on Imports for Technical Parts



Weak Access to Credit



Low Skill Level of Labour Force



Poor Access to Ports



Poor Backward Integration



Multiple Taxation



Inefficient Port Operations



	<i>Challenges</i>	<i>Short Term Recommendations</i>	<i>Long Term Recommendations</i>
Institutions	Inconsistency in policy directions from MDA’s	<p>Policies further easing business registration process</p> <p>Strengthening of rule of law for increased capacity to enforce contracts</p> <p>Policies further restricting dumping of foreign products with local alternates</p> <p>Policies driving integration/alignment of industrial and academic systems</p> <p>Policies strengthening Research &amp; Development within manufacturing space</p>	Policies to restructure framework for issuance of credit facilities
Infrastructure	<p>Poor Power Supply Cost of power generation remains the single largest challenge to manufacturing in Nigeria. Could be up to 50% of total cost</p> <p>Poor Road Infrastructure: Bad roads introduce high cost and risk</p>	<p>Improvement in power supply</p> <p>Rehabilitation of road networks</p> <p>Improved access to ports especially Apapa Ports</p>	<p>Backward integration and linkages of commodity value chains</p> <p>Development of reliable data management systems documenting successes and milestones in manufacturing space</p> <p>Development of more port routes</p> <p>Investment in multi-modal transport systems for movement of goods and people</p> <p>Establishment of additional financing options</p>
Human Capital	Lack of skilled manpower is a challenge to the sector	Investments in technical colleges	Establishment of special skills centres
Technology	Lack of skilled manpower is a challenge to the sector	Establishment of more incubation and technology centres	Establishment of specialized R&D centres

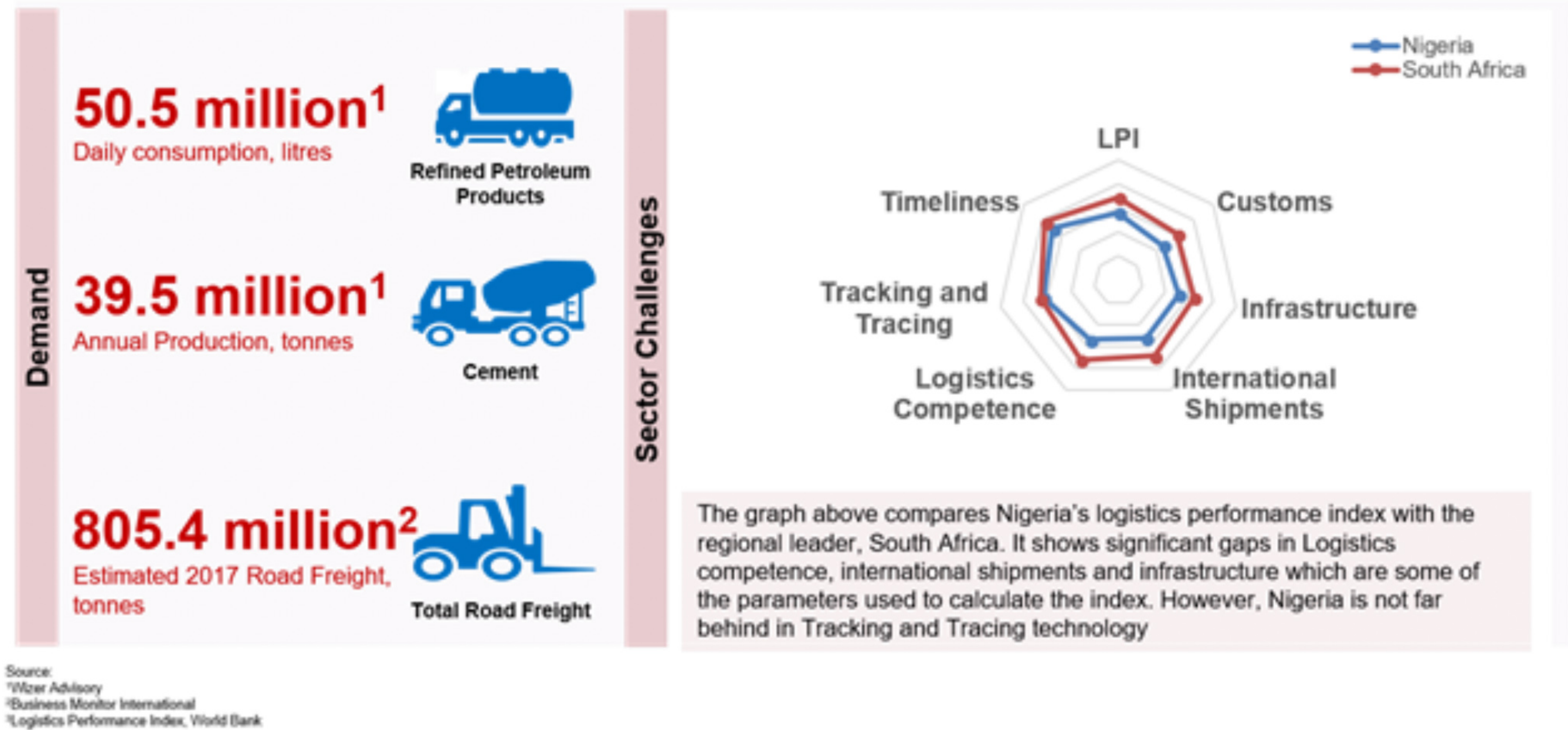


# Courier / Logistics

## STATE OF THE COURIER / LOGISTICS INDUSTRY

### Nigeria represents a large market for freight and logistics despite the country's infrastructural challenges...

The freight and logistics industry encompass several activities, including haulage and road transport, aviation, warehousing and distribution, logistics management and planning, pipelines, maritime/sea freight, rail freight and courier services.



## STATE OF THE COURIER / LOGISTICS INDUSTRY

### Industry Trends

- Nigeria's Courier/Logistics sector is a major facilitator of trade and comprises several activities that relate to the transportation of goods/ commodities within the country and the rest of the world
- Road transport has assumed a more dominant role in courier and logistics accounting for about 97% of all inter/intra-city freight movement.
- Road freight in Nigeria witnessed significant growth over the last five years and is expected to be on the rise due to increased retail consumption over the next few years.
- The inability of state run postal system to meet the demands of changing trends in terms of speed, security and expanded delivery, has led to the establishment of privately owned courier firms now at the forefront of the business in Nigeria.
- Emergence of SME logistic companies that offer additional services such as inventory management, warehousing, e-commerce logistics and logistics consulting to smaller companies.

### Freight Tonnage by Road



> 1500

registered courier/logistics service operators



97%

Inter/intra-city freight movement are by road



6%

Growth in road freight transport in Nigeria over the last five years,



### 3 KEY CHALLENGES THAT IF RESOLVED WILL EASE 80% OF THE ISSUES

#### Top 3 Challenges

1

#### Infrastructure

- Courier and logistics revenues are being affected by the poor state of roads negatively affecting delivery times within the industry and leading to congested roads and overworked highways.

2

#### Regulation

- Provision of the Postal Bill and impact on Courier Services - Plan to impose tariff regulation on Courier Service Operators, levy 2.5% of turnover to fund the Postal Commission and another levy of 2.5% as contribution to the Universal Postal Fund etc.
- Inadequate regulations in the logistics and distribution sector - comparatively new and hasn't been subject to much regulation

3

#### Technology and Innovation

- Poor adoption of technology leading to huge sector costs

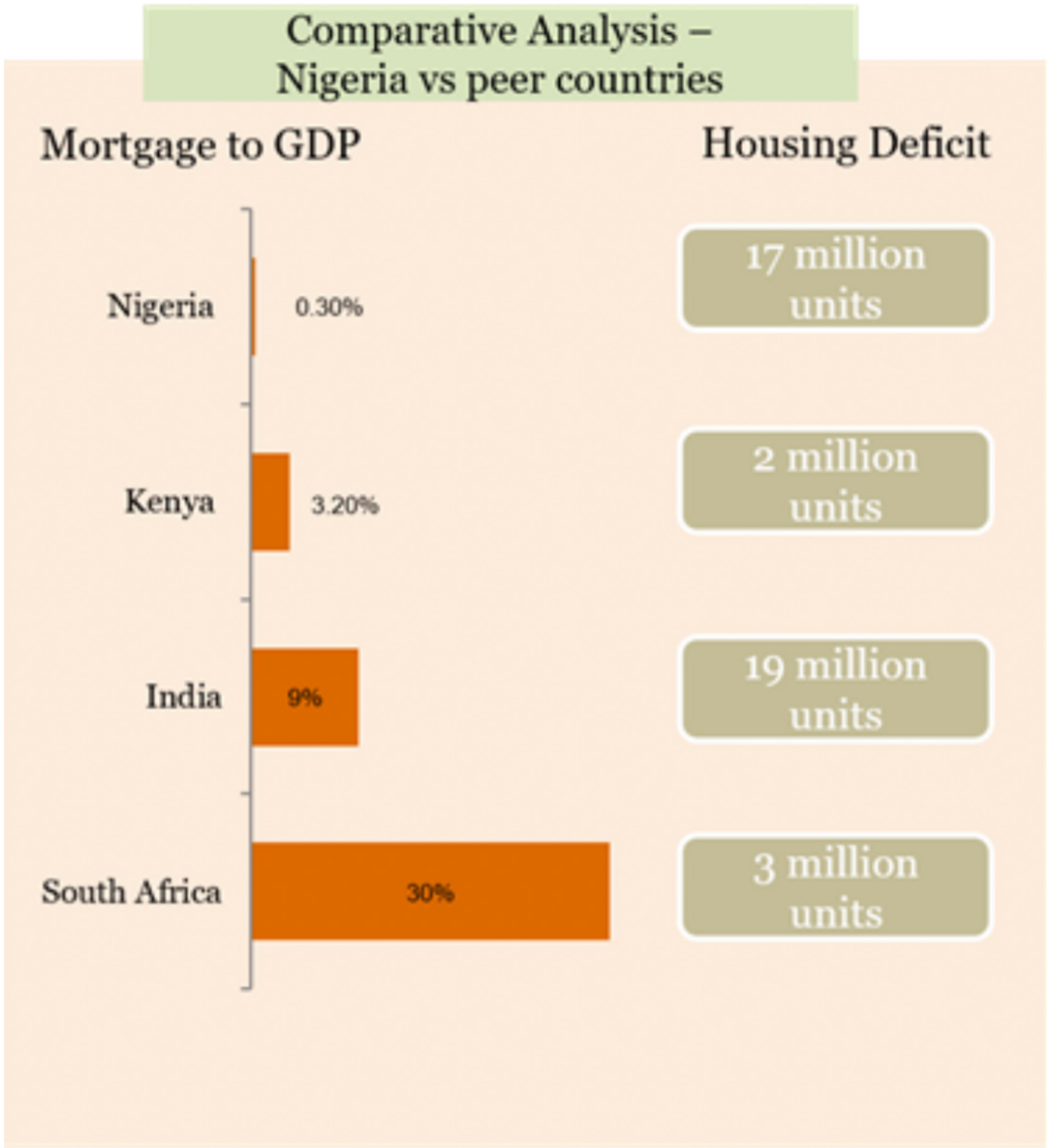


Challenges	Short Term	Long Term
Courier and logistics revenues are being affected by the poor state of roads negatively affecting delivery times within the industry and leading to congested roads and overworked highways.	Public-private partnership for the implementation of Strategic transport Master Plan	<p>Transport infrastructure development to ease pressure on congestion and improve transport services and usage for courier and logistics</p> <p>Convergence between Rail, Road, Port and Air Transport will be a Game Changer as the development of the courier/ logistics sector will remain dependent on the quality of infrastructure within the industry.</p>
<p>Provision of the Postal Bill and impact on Courier Services - Plan to impose tariff regulation on Courier Service Operators, levy 2.5% of turnover to fund the Postal Commission and another levy of 2.5% as contribution to the Universal Postal Fund etc.</p> <p>Inadequate regulations in the logistics and distribution sector - comparatively new and hasn't been subject to much regulation</p>	Implementation of regulations and policies to shape the industry	<p>Restructuring and modernization of NIPOST</p> <p>Privatization of NIPOST to enable it function effectively as well as the separation of its dual function– regulator and operator</p>
Poor adoption of technology leading to huge sector costs	Electronic integration and transparency of activities	Increased investment in technology including digitization and payment system will lead to huge cost savings and enable stay ahead of the curve
Excessive Taxation - Local MDA's make outrageous demands from players at every point of the business	The Federal Government as well as the State Governments should harmonize policies that will be of economic benefit to the players	



# Real Estate

## STATE OF THE SECTOR & IMPACT ON BUSINESSES



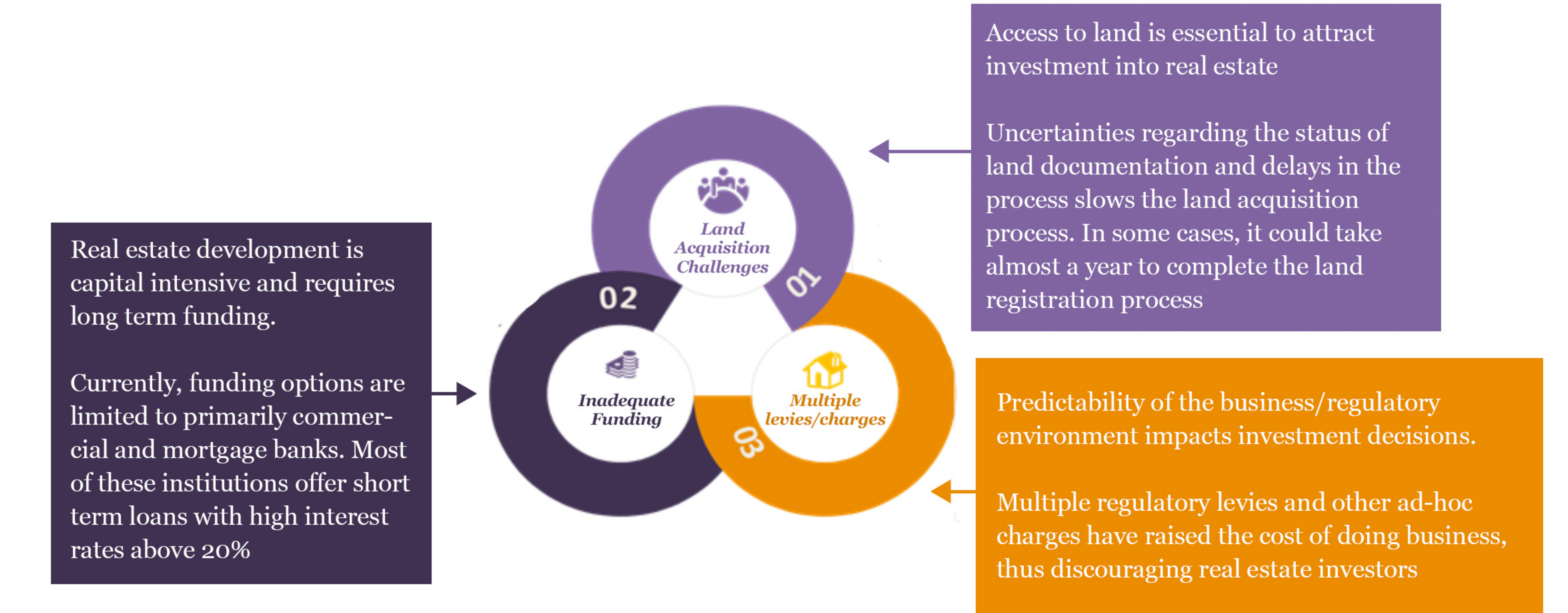
Source: World Bank, NBS, AFDB

Relative to other peer countries, Nigeria has one of the highest housing deficits. The real estate sector is constrained by various factors:

- Obsolescence of the Land Use Act presents challenges in land acquisition and ownership
- Inefficient land registration and titling procedures have negatively impacted the development timelines and discouraged investment in the sector
- Limited access to long term finance has discouraged private sector participation resulting in increasing housing deficit
- Macroeconomic volatility and a difficult business environment has significantly raised the cost of building/construction
- Inconsistent implementation of policies have resulted in multiple charges/levies by the government on industry operators



3 KEY CHALLENGES THAT IF RESOLVED WILL EASE 80% OF THE ISSUES



Challenges	Short Mid Term	Long Term
Real estate development is capital intensive and requires long term funding. Currently, funding options are limited to primarily commercial and mortgage banks. Most of these institutions offer short term loans with high interest rates above 20%	Adoption of the model mortgage and foreclosure laws  Develop innovative models that improve access to real estate, including the rent to own scheme and co-sharing work spaces.	Deepen access to mortgage products for lower income earners
Access to land is essential to attract investment into real estate  Uncertainties regarding the status of land documentation and delays in the process slows the land acquisition process. In some cases, it could take almost a year to complete the land registration process	Digitize land registries	Development of the mortgage securitisation market
Predictability of the business/regulatory environment impacts investment decisions. Multiple regulatory levies and other ad-hoc charges have raised the cost of doing business, thus discouraging real estate investors  Housing policies in Nigeria have the characteristics of being inconsistent and poorly coordinated.  The Land Use Act of 1978, which rests the power to allocate and revoke land on the state governors, is one regulatory challenges slowing down process of obtaining titles to ownership of land and also making property registration not only costly but difficult	implement land administration reforms aimed at streamlining the procedures and cost to register a property e.g. a 1.3.1 model which recommends that charges should comprise only 1% of the value of property, the land acquisition process should not take more than 3 days and 1 desk should be in charge of the land transfer process.  Harmonize Federal and State government policies on real estate development	Overhaul of the Land Use Act and other mortgage related laws



# Healthcare

According to the World Bank Healthcare contributed 3.7% in 2014 to the GDP but in 2017 the sector contributed 0.67% to GDP; less than 5% of National budget, this is attributed to low healthcare spend from government as well as Private sector. Of the 3.7% of GDP that Nigeria spent on health in 2014, only 0.9% was publicly funded and the rest from the Private sector.

### Health Economy

Morbidity & Mortality is a grueling impact on workforce and also impacts the extended family. Universal health care creates a healthier workforce. Studies show that preventive care reduces the need for expensive emergency room usage.

Also, early childhood care prevents future social costs. These include crime, welfare dependency, and health issues. Health education teaches families how to make healthy lifestyle choices, preventing chronic diseases.

Governments can impose regulations and taxes to guide the population toward healthier

choices. Regulations make unhealthy choices, such as drugs, illegal. Sin taxes, such as those on cigarettes and alcohol, make them more expensive.

Medical Tourism- Foreign exchange hemorrhage. Healthcare should be seen as an investment space not a CSR space.

### Governments role

The health sector does not seat only with the Ministry of Health. With challenges around parallel trade, the Federal Ministry for Finance should be interested to know how much country is losing. On regulatory reforms the House of Assembly as well as the Senate should be actively engaged on policies that will address counterfeits and parallel trade.

### FMOH Key priorities for Nigeria

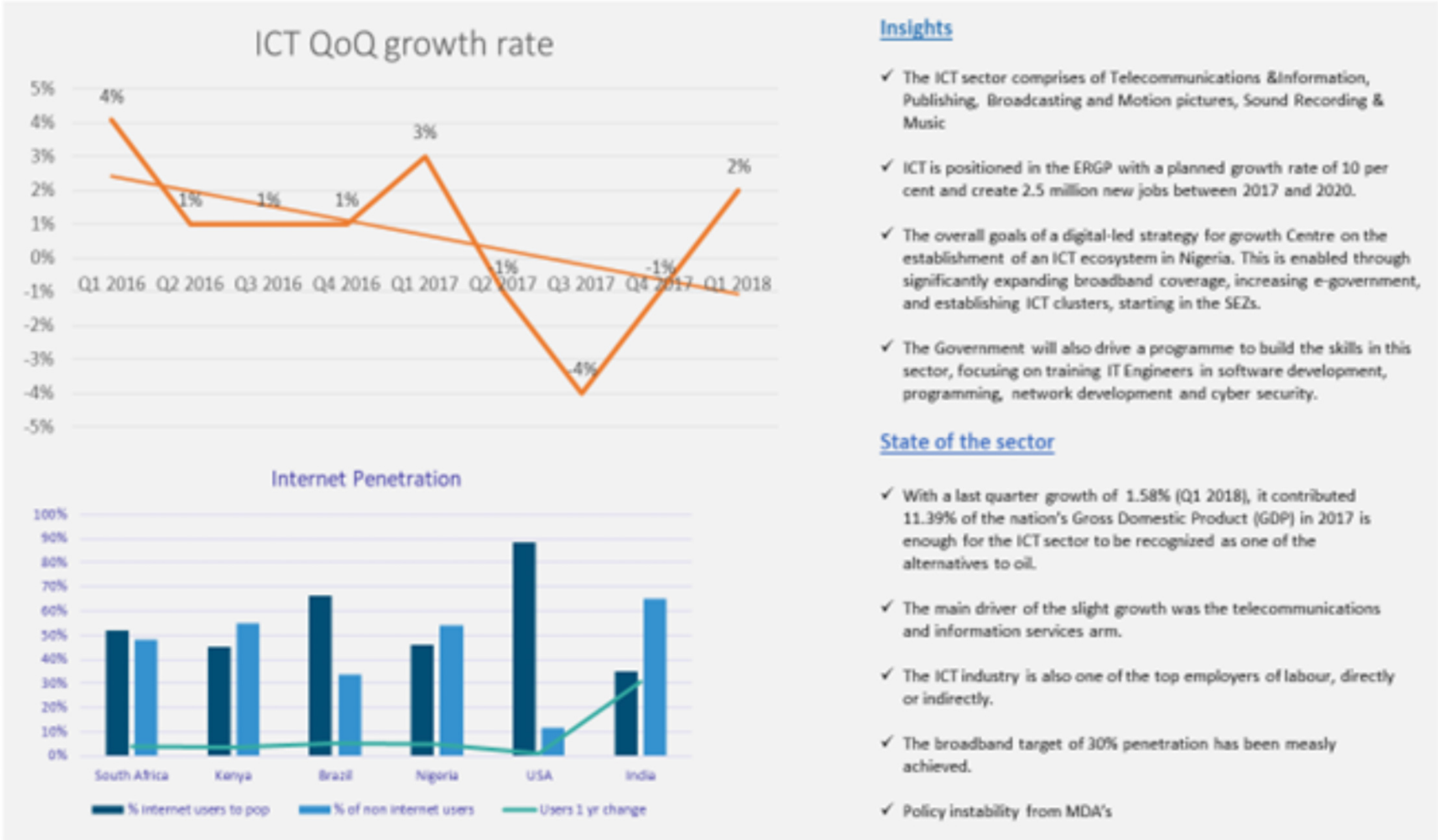
- Oncology/Cancer Care Solutions
- Primary Healthcare Revitalization
- Local manufacturing and distribution of vaccines

Challenges	Short Term	Long Term
Counterfeits/IP/Parallel trade issues	Counterfeit/IP legislation fast track	
Health care Infrastructure	Leverage digital quick win to accelerate treatments  Identify Medical Tourism hotspots and negotiate investment opportunities in Nigeria  Data collection to empower patients and drive revenues  Clearing cycle, ability to re-export medical equipment, licensing Nigeria.	Innovative homegrown projects to drive community health development.
Universal Health care coverage expansion/Healthcare financing. Limited public investment in healthcare (4.17% of 2017 budget)	Create a healthcare coverage framework that will address the healthcare needs of the middle class and the upper class	Increase in the Healthcare budget spend to meet the demand for good health by the average Nigerian
Lack of specialized professionals and migration of current pool	Support with training programs and opportunities for healthcare professionals	
Slow implementation of strategic health-care imperatives & FMOH Priorities	MDA’s of health from the State and Federal level should have clear guidelines on their roles. This is to avoid bureaucracy.	



# ICT

## STATE OF THE SECTOR



### NBS and Internet Live Stat

## 3 KEY CHALLENGES THAT IF RESOLVED WILL EASE 80% OF THE ISSUES





Challenges	Short Mid Term	Long Term
IPR issues	IP legislation fast track	
ICT Infrastructure/Data	<p>Creation/Enforcement of data residency laws.</p> <p>Localisation of data will help leapfrog Nigeria’s infrastructure and technology readiness. It also guarantees lower bandwidth costs, quicker access to content providers and carriers and lower latency for local markets</p> <p>Each state should have at least one data centre which will enhance effective connectivity and quality of data services.</p>	<p>Synchronization of all databases. The associated cost of the data consolidation can be handled by a public-private partnership initiative where businesses (e.g. banks, real-tors, consumer agencies, investors etc.) that require such data from national data centre could pay for the cost of maintaining it rather than the government (the govern-ment will still regulate access to the data). Such initiative will certainly drive innova-tion and open doors for modernization and advent of big data tools for data analytics and visualisation.</p>
Access to finance	<p>Access to cheap credit will boost the operations of the ICT space as lack of finance has hindered so many operators from expanding and rolling out of new services.</p>	<p>Creation of an industry-focused financial institution which will go a long way to further increase its contribution to the econ-omy while also generating more employment opportunities for the teeming unemployed.</p>
Policy stability/Multiple taxation	<p>A synergy across ICT regulatory agencies and Tax agencies</p> <p>Synergies across the levels of Government</p>	
Slow implementation of the ICT guidelines/Bills	<p>Set up PPP agreements to boost the Broad band network - accelerating the country’s industrialisation efforts by installing 18,000km of fibre optic cable across the country to improve broadband penetration</p>	<p>Implementation of the National Broadband plan</p>



# Conclusion

One of the key factors that is likely to hinder this year's ease of doing business in Nigeria is the continued delay in passage of the 2018 appropriation bill. For Nigeria to make impact on its ease of doing business programme, ensuring that the national budget is delivered on schedule and ready for implementation on every January 1 is important. Businesses attach a great deal of importance to government budget. It gives business the strategic direction of government. Budget delay gives a wrong signal to investors. It creates an impression that this is not a serious country to do business with. When government's budget is delayed, business activity is also delayed. Most countries ensure that the budget approval and implementation take place on scheduled date.

The ranking for paying taxes has improved to the 171st position, it shows that Nigeria is actively engaging the private sector on the ease of paying taxes. Although, there is a need to look into the frequent complaints by businesses of paying similar taxes on the same or substantially similar tax base or what is technically referred to as multiple taxes. These taxes as listed by Pricewaterhouse Coopers include Companies Income Tax, Information Technology Tax, Education Tax, Nigerian Content Development Levy all of which are based on income or profits and Value Added Tax, Sales Tax and Hotel Consumption Tax all based on sales. In order to address the problem of multiple taxes, approved list of taxes should be streamlined and adhered to by all tiers of government.

Efforts should be made to reduce the financial burden of taxes on businesses to encourage development of the private sector.

On the enforcement of contracts, the time it takes to resolve a commercial dispute through a local first-instance court, lower is the implied value of the contracts. This fosters an environment of mistrust among parties, which impacts the business environment in the country. A lower contract enforceability also means greater cost to dispute resolution. Hence, most businesses build-in this higher cost into their cost structure, thereby making it more expensive to do business in India. The time to resolve a dispute in Lagos is 447 days, from the moment the plaintiff files the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods between. The biggest cost to this is that it restricts reputable businesses from operating in a fair and just environment. For example, number of large, global companies shy away from operating in the real estate and infrastructure contracts space in India. One of the key reasons is the weak enforceability of contracts in India. The nature of work typically leads to Contractual disputes, which linger on for years and increase the cost of doing business for these companies. As a result, it leads the companies to either make money by cutting corners or increase the contract price. An increase in price will automatically make them uncompetitive in the bidding process and hence most projects are only left with contractors cutting corners! The story repeats itself in sector after sector.



Contact Information

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