

Good Governance and Ease of Doing Business in Nigeria: Problems and Prospects

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Abstract: *This paper is on Good Governance and Ease of Doing Business in Nigeria: Problems and Prospects. The objective of the paper is to look at the effects of ease of doing business on entrepreneurship and starting a business in Nigeria. The paper argues that barriers to entry faced by businesses hinder entrepreneurship development because they give market power to the already existing businesses. Relying on content analysis of secondary data, findings from the study revealed that institutional entry barriers, lack of financial capital, overall costs, and difficulties associated with operating a business limit entrepreneurship, and by extension, starting a business in Nigeria. In conclusion, it is the position of the paper that business- friendly policies is associated with entrepreneurship development, starting a business, and greater economic growth. The paper therefore recommended knowledge sharing on the regulatory reform process related to the areas measured by Ease of Doing Business in Nigeria through peer-to-peer learning events which involves organizing workshops where policy makers from different levels of governments across the country meet to discuss the challenges of regulatory reform and share their experiences. Also, recommended is the need for the government to adopt an inclusive and collaborative model by creating a governance structure in which the threesome of business regulators, investors and the State jointly take ownership of the enterprise system and become partners in progress.*

Keywords: Nigeria, Doing Business, Entrepreneurship, Good Governance

1.1 Introduction

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. It is argued that the easier it is to establish and run a business, the more investors will be encouraged to invest, and thus more employment is generated. A good business environment also promotes competition and encourages innovation and expansion (World Bank 2013). Doing business in Nigeria could be a wonderful experience when ones business venture thrives. However before success there could be great challenges and difficulties that a new business or startup has to face. Sound and efficient business regulations are critical for entrepreneurship and a thriving private sector. Without them, there will be no chance of ending extreme poverty and boosting shared prosperity around the country.

The 2019 World Bank Ease of Doing Business annual report aptly noted that “an economy cannot thrive without a healthy private sector. When local businesses flourish, they create jobs and generate income that can be spent and invested domestically. Any rational government that cares about the economic well-being and advancement of its constituency pays special attention to laws and regulations affecting local small and medium size enterprises (SMEs). Effective business regulation affords micro and small firms the opportunity to grow, innovate and, when applicable, move from the informal to the formal sector of an economy.”

According to Jim (2018) “Governments have the enormous task of fostering an environment where entrepreneurs and small and medium enterprises can thrive”. Rules are much more effective in promoting growth and development when they are efficient, transparent, and accessible to those for whom they are intended. Ease of doing Business is founded on the principle that economic activity benefits from clear rules: rules that allow voluntary exchanges between economic actors, set out strong property rights, facilitate the resolution of commercial disputes, and provide contractual partners with protections against arbitrariness and abuse. Rules create an environment where new entrants with drive and innovative ideas can get started in business and where productive firms can invest, expand, and create new jobs. The role of governance in the daily operations of small and medium-size domestic firms is a central focus of the Ease of Doing Business.

The ideal of good governance in ease of doing business is to encourage regulation that is efficient, transparent, and easy to implement so that businesses can blossom. A high ease of doing business ranking implies that a country’s regulatory environment is more conducive for starting, operating and expanding local businesses; compared to other countries and the preceding years. It is important to highlight that the ranking in ease of doing business only measures improvements in the laws and official practices that support formal sector business processes.

Ease of Doing Business provides quantitative indicators on government and institutional regulations for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency. It is to be noted that for more than a decade now, the Ease of Doing Business (EODB) Report, published annually by the World Bank, has been ranking the business environment of almost 200 countries worldwide. It uses ten benchmarks in evaluating the business environment in each of these countries: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency (Tristan, 2018). This paper focused on government policies as regards ease of doing business on entrepreneurship and starting a business in Nigeria.

1.2 Statement of the Problem

Rules are much more effective in promoting growth and development when they are efficient, transparent, and accessible to those for whom they are intended. However, rules too have been found to be capable of constituting a clog to economic progress, where they are not well-thought-out or when wrongly applied. In these cases, they strangle rather than support growth of the economy. Nigeria is said to be one of the world's leading business locations on the African continent. But when it comes to doing business in Nigeria, there are several challenges that confront a typical Nigerian business. There are wide spread information that most new businesses and startups in Nigeria fail within the first three years. 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. However, the good news is that many solutions can be found within Nigeria.

1.3 Objectives of the Study

This study sets to assess Good Governance and Ease of Doing Business in Nigeria in order to ascertain of government policies and laws which encourage ease of doing business and some challenges affecting doing business in Nigeria.

The specific objectives of the study are to;

- 1, examine and understanding what the ease of doing business portends.
- 2, ascertain the extent to which the Nigerian Government has fared with the ease of doing business project

1.4 Methodology

The paper adopted is a qualitative research and thus relied on content analysis of secondary data.

2.0 Literature Review

2.1 Conceptual Clarification

2.1.1 Good Governance

Good governance was originally articulated in a 1989 World Bank publication. In 1992, the Bank printed a report titled, Governance and Development, which explored the concept more and its application. In 1997, the Bank redefined the concept "good governance" as a necessary prerequisite for development. Good governance is to stimulate and sustain all-inclusive and united human development. The central focus is to see how the government facilitates, simplifies and authorizes its people, irrespective of differences of class, faith, ethnic group and political ideology and social origin to think, and take certain decisions which will be in their best interest, and which will enable them to lead a clean, decent, blissful, and independent existence. In international development, good governance is a way of assessing how public establishments conduct public affairs and manage public resources in a desired manner. Accordingly, the citizen expects the Government to use State resources to manage the affairs of the country judiciously. Characteristically, good governance can be understood as encompassing of the existence of; rule of law, public opinion, transparency and zero tolerance for corruption, accountability of institutions to those who will be affected by their decisions or actions, equity and inclusiveness, responsiveness, capacity to prevent/manage conflicts in society, committed and purposeful leadership, ensuring welfare of the people through capacity building and socio-economic empowerment.

2.1.2 Ease of Doing Business

Ease of doing business is a World Bank Project launched in 2002, World Bank (2013).The project looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle. The World Bank measures the regulations based on Ease of Doing Business index and publishes its aggregate figure. The index captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency World Bank (2017). By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, it encourages economies to compete towards more efficient regulation; offers measurable standards for reform; and serves as a resource for

academics, journalists, private sector researchers and others interested in the business climate of each economy. Indicators for which distance to frontier is computed include construction permits, registration, getting credit, tax payment mechanism etc. World Bank, (2013). Countries are ranked as per the index.

2.2 A Review of Ease of Doing Business

1: Starting a Business: This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city (DB 2020). In a study of 43 countries over the period 2003 to 2005, Dreher and Gassebner (2013) found evidence that more procedures in starting a business and larger start-up capital do reduce entrepreneurship activities; while Klapper and Love (2010), in an analysis of 91 economies, found that reducing the cost, time and procedures in starting a business do increase firm registration, but only if the reforms are substantial. Also, Ardagna and Lusardi (2010) concluded from an analysis of survey data of more than 470 thousand entrepreneurs who are at the early stages of running a business from developed and developing countries that entry regulation diminishes the benefits of business skills in running a business; and reduces the propensity of individuals with business skills to start a business. Monteiro and Assuncao (2012) analyzed a program by the Brazilian government of simplifying business registration procedures and found that it led to increased formality, and this is most pronounced among medium-sized firms and home-based enterprises. Most of the collected works conclude that less entry regulation is indeed associated with more firm creation. A few studies, however, observe that some firms created by relaxing entry regulations are not of high quality. Thus, on starting a business, most of the empirical studies reviewed here conclude that ease of starting a business contributes to firm establishment and formalization.

To make starting a business easier, APEC (2017) and World Bank (2017) recommend; simplifying business registration procedures; creating a single-interface (e.g. a one-stop shop) for business registration; using technology to improve efficiency; minimizing or eliminating capital requirements; implementing fixed registration fees; and not requiring annual or periodic business registration renewal. Simplifying business registration procedures include merging steps and procedures, reducing approval times, and simplifying forms that need to be filled out. Using technology primarily includes the use of the internet in registering businesses.

2: Access to Credit: This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending (DB 2020). Levine (2005) identified five broad categories on how a more developed financial system, and therefore better access to credit can contribute to growth. These are: 1) creation of information about alternative investments, 2) monitoring of investments and improving corporate governance, 3) trading, diversifying, and managing risk, 4) mobilizing and pooling savings, and 5) easing of exchange of goods and services. Capasso and Jappelli (2013) illustrated how the lower cost of obtaining credit lowers tax evasion and the amount of unregistered firms. This is similar to the results of Dabla-Norris et al (2008), who proposed a model where poor access to finance increases the size of the informal sector. The model was tested empirically using data from the World Business Environment Survey involving 4000 firms from 40 countries, most of which are developing. Ayyagari et al (2007), using data from about 19,000 firms in 47 developing countries, established that access to finance promotes innovation among firms, and therefore concluded that better credit information sharing is correlated with larger small and medium sized enterprises (SME) sector. Related to this, Aghion et al (2007) analyzed firm data from 16 developed and developing countries and concluded that access to credit is the most important determinant of entry for small firms and for firms in credit-dependent sectors. It also contributes to firm expansion if they survive.

Meanwhile, on ease access to credit, APEC and World Bank suggest two widely-encompassing good practices: expanding the scope, accessibility and quality of credit information; and strengthening of the legal systems for credit; including bankruptcy and insolvency laws, allowing out-of-court enforcement of transfer of collateral rights to the creditor in case of default; maintaining a unified registry of collateral accessible to all creditors; limiting or removing minimum loan requirements; providing creditors with payment history data from utility companies to help determine the credit-worthiness of individuals/businesses; and maintaining a credit information system that reports both good and bad borrowers.

3: Enforcing Contracts and Good Institutions: The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system (DB 2020). Effective and efficient contract enforcement mechanisms and good institutions are essential to ease of doing business, growth, and development because they increase access to credit, improves trade, and reduces the informal sector (World Bank 2013). Contract enforcement gives incentives to individuals to participate in mutually beneficial transactions. If institutions are weak such that contracts are costly to enforce, one party in a transaction may cheat causing the other party to lose. There are empirical and theoretical studies in the current literature on how contract enforcement affects development and the ease of doing business. Quintin (2008) study shows how poor contract enforcement causes firms to operate sub-optimally, resulting in lower incomes for the whole economy and less

prominence or larger-scale production. Empirically, Desai et al (2003) found evidence that countries where courts are fair and impartial have higher business startup rates. Using data from 48 countries, Bae and Goyal (2009) concluded that in nations with weak contract enforcement, banks reduce loans, reduce loan maturity, and charge higher interest rates. A similar study by Djankov et al (2007) using data from 129 countries established that strong creditor protection through an effective legal system is associated with higher private credit to GDP ratio. Using a theoretical approach, Jappelli et al (2005) constructed a model that explains how a more efficient judiciary increases access to credit and expands lending. Nunn (2007), using business-level statistics from 182 sectors in almost 160 countries, established that effective contract enforcement promotes comparative advantage on goods where production requires contractual relationships with a third-party. In an empirical data from African countries, Anyanwu (2012) concluded that prevalence of rule of law is associated with higher FDI inflows. Other studies concluded that effective contract enforcement can facilitate trade, encourage firm entry, and reduce the size of the informal sector. For contract enforcement, the World Bank recommends creating a special commercial court or judge; and introducing automated case management systems. Introducing a special commercial court will allow for faster settlement of disputes, saving businesses time and money, and reducing transaction costs in the enforcement of contracts. Automated case management systems also speeds up court settlements.

4: Property Rights and Protecting Investors: This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse (DB 2020). Investor protection is especially important among minority shareholders of firms. When firms need capital for investment purposes, one common practice is to sell shares. However, potential purchasers of shares may be reluctant if they will not be protected from unscrupulous acts by corporate directors. When investor protection is weak, investors may be hesitant to invest in a business unless they are the controlling shareholder. This reduces the ability of the market to finance firm growth (World Bank 2013). Investor protection is an important factor in determining such variables as proprietorship concentration in listed firms, size of the capital markets, firms' access to finance, and corporate governance. Meanwhile, property rights is similar to good institutions and contract enforcement in that it assures investors that they will reap the benefits of their own investments. It is a common view that investor protection promotes economic growth. Hence, Sevcik (2012) created a model presenting how poor investor protection can exclude smaller investors from firm ownership. Similar to contract enforcement and good institutions, there are studies concluding that investor protection can also affect growth through the financial markets. The theoretical work of Sevcik (2012) shows how weaker investor protection can lead to higher cost of external financing. Similarly, Ogunro (2014) in a survey of firms in post-Communist countries, concluded that weak property rights discourage investment even when they have access to credit. Weak property rights provide disincentives to invest because investors are not sure if they can claim all the returns. It also reduces the quality of an asset as collateral to finance investments. Also Olatunji and Ndubuisi (2019) found evidence that strong property rights have positive effects on wealth and capital formation.

5: Trading across Borders: This is associated with three sets of procedures—documentary compliance, border compliance and domestic transport (DB 2020). Trade allows producers to expand the market for their products and to purchase inputs with the best price that would not have been possible if it conducts business only in the domestic market. Bureaucratic red tape and cost of transportation of goods are some of the most important hindrances to trade today, especially in developing countries. This is why Hoekman and Nicita (2011), in an empirical analysis using trade indices and data from 104 importing and 115 exporting countries for 2006, concluded that improving logistical performance, e.g. making it easier to move goods through better infrastructure and institutions, will have the most effects on improving trade for developing countries. A similar study by Moise and Sorescu (2013) using data from 107 non-OECD countries found evidence that among the sixteen trade facilitation indicators negotiated at the World Trade Organization, the ones with the most impact on trade performance are availability of trade related information, simplification and harmonization of documents, streamlining of procedures, and automation of processes. Related to this, Djankov, Freund, et al (2010) studied the effect of time delays on trade using data from 126 countries. They found evidence that on average, a delay of one day before a product is shipped reduces trade by at least one percent. This highlights the importance of reforms that will facilitate the increase of speed in transporting goods from factory to port. In developing countries, poor infrastructure and time-consuming customs and regulatory requirements slow down the movement of goods. Similarly, data analysis by Freund and Rocha (2010) found evidence that for African countries, delay of transport of goods has the biggest effect on trade performance. Martincus et al (2013) in his study concluded that customs delays do decrease exports, and this is most pronounced in time-sensitive products and in destinations with tough competition.

Most studies on making trading easier highlight the importance of reducing the cost of moving goods – rather than border barriers such as tariffs – in improving the trade performance of developing countries. In terms of trading, the good practices identified are: creating an electronic platform for submission and processing of trading documents; linking government agencies through an electronic single interface; using risk-based inspection; and improving transparency to minimize cost. Allowing for electronic submission and processing of documents saves businesses time and money, and the same is true if government agencies involved in trading transactions are interlinked through a single interface. Risk-based inspection is the practice of inspecting cargoes based

on risk – that is, only containers containing potentially risky cargoes will be inspected thoroughly. This saves time and money and allows goods to be transported faster.

6: Paying Taxes: This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with post filing procedures (VAT refund and tax audit) (DB 2020). The World Bank Enterprise Survey found that tax administration is among the top 11 constraints to business while tax rate is among the top five (World Bank 2013). Most of tax literature focuses on the relationship between tax rates and development indicators. For instance, Djankov, Ganser et al (2010), in a survey of mid-sized local firms in 85 countries, found that high tax rates are associated with lower total investment, lower foreign direct investment (FDI), less entrepreneurial activity, and bigger informal sector. A related study by Fisman and Svensson (2007), using data from Ugandan firms, found evidence of a negative association between tax rates and firm growth. However, an important aspect of taxation that is vital to ease of doing business and affects growth and development is tax administration. Olasunkanmi and Jonathan (2019) therefore suggest simplification of tax structure; and argued that tax administration reforms should aim to minimize the probability of non-compliance and maximize the probability of detection and punishment of non-compliance. Lawless (2012) found evidence that measures of complexity of the tax system is negatively associated with the presence of FDI for a pair of countries, although not necessarily with FDI flow. Thus, one can rightly infer that tax simplification leads to a more equitable income distribution and higher tax collection.

To make paying taxes easier World Bank calls for the following good practices to be adopted: creating a platform for electronic filing and payment; simplifying tax procedures and payment; and allowing tax payers to self-assess themselves. These measures lead not only to convenience and savings on time and effort of businesses, but also to higher compliance and collection.

2.3 Good Governance and Ease of Doing Business Efforts in Nigeria

In Nigeria, every business is regulated by different laws. Some of these laws govern social and economic matters. Others may be environmental laws, occupational health and safety laws, employment laws, criminal laws, and laws that are specifically related to one's type of business. These laws are typically administered by regulatory agencies set up by the government to implement and enforce specific laws on behalf of the government. They also enforce standards required in businesses and protect consumers. Available research indicates that Nigeria has made sundry regulatory policy reforms aimed at enhancing ease of doing business.

On starting a business, in Nigeria, the Corporate Affairs Commission (CAC) is the agency charged with incorporation of companies and business registration. It is an autonomous body and is in charge of implementing the provisions of the Companies and Allied Matters Act (CAMA) which is the primary law governing companies and businesses in Nigeria, and deals with the various types of company structures, eligibility, the registration process, and rules for operation. Nigerian Government has made some provisions that aid Ease of Doing Business through Companies and Allied Matters Act (Repeal and Re-enactment) CAMA (2020). With the reforms, it now takes just 24 hours (not 10 days) to register a business with the Corporate Affairs Commission. The registration process now allows for online self-application without the need for a legal adviser. This change reduces the formal cost of starting a business representing the foregone cost of hiring a lawyer and the consolidation of registration documents to a single CAC form. It has also reduced some informal costs incurred in the interaction with government officials including conveyance, unofficial tips and unnecessary delays. A 2019 World Bank report noted that Nigeria made starting a business easier by reducing the time needed to register a company at its corporate affairs commission and introducing an online platform to pay stamp duty. Statutory Declaration of Compliance required for incorporating companies which was solely the exclusive preserve of lawyers are now deposed to by CAC's in-house lawyers, thereby reducing the compliance burden of incorporation. There is now greater flexibility as applications can be done anywhere in the world without the need to physically visit CAC's offices. Even to collect original copy of the registration certificate can now be done online (DB2020). Unfortunately, one of the major problems militating against starting a business in Nigeria is the paucity of capital.

On dealing with Construction Permits, Nigeria made dealing with construction permits easier by setting an official time limit for issuing permits (DB 2008). Nigeria made it easier to obtain construction permits by streamlining the process to obtain construction permits and increased transparency by publishing all relevant regulations, fee schedules and pre-application requirements online (DB 2018). Nigeria made dealing with construction permits less costly by removing the Infrastructure Development Charge (IDC, the fee for construction permits) for warehouses (DB2020). Nigeria increased transparency by publishing all relevant regulations, fee schedules and pre-application requirements online (DB 2018). Also, Nigeria has introduced automation and simplification of registration and payment processes, thereby reducing the cost and number of required documentations for obtaining a construction permit. However, there are still some challenges confronting dealing with construction permit such as high cost and extended period needed to obtain letter of consent/ certificate of occupancy, high cost of tax clearance, poor communication between the planning office and developers, the high cost of the application/ submission fee, design plan not meeting the control of guidelines, high cost of paying professionals, lack of transparency in the approval process among others Ajibola (2019).

On Getting Electricity, the current practice of online application platform and free delivery of prepaid meter to electricity users has reduced the connection process and increased electricity supply in Nigeria. World Bank Ease of Doing Business ranking for 2018, noted that Nigeria made getting electricity easier by requiring that the distribution companies obtain the right of way on behalf of the customers and by turning on the electricity once the meter is installed (DB 2019). Nigeria made getting electricity easier by allowing certified engineers to conduct inspections for new connections. A power sector reform carried out by the Nigerian government in conjunction with the World Bank Group (WBG), indicates that the government intends to among other things; restore power sector viability, improve power supply reliability to meet growing demand, strengthen the sector's institutional framework and increase transparency, implement clear policies that promote and encourage investor confidence in the sector, and establish a contract-based electricity market. The FGN has also introduced policies aimed at improving rural electrification through the Rural Electrification Strategy and Implementation Plan (RESIP) pursuant to which the Board of the Rural Electrification Agency (REA) Board was constituted.

On Registering Property, there has being an improvement in the aspect of registering property in Nigeria following the effective implementation of the goals laid out in the Economic Recovery Growth Plan (ERGP). The move from traditional means of registering a company (with papers) has been replaced with online processes. New companies can confirm name availability, get all the information needed, and download and submit registration forms – all online. To promote transparency in MDAs' dealings, an Executive Order issued in 2017 by Presidential Enabling Business Environment Council (PEBEC), makes it mandatory for them to make public all the requirements for licence, permits, waivers, approvals and tax related information (PEBEC, 2017). One of its key elements is resolving any conflict on fees or procedure in favour of the application where an applicant has relied on published requirements by the MDAs. Applicants are entitled to rely on published requirements in their applications; and where there is discrepancy between the MDA's actual practice and any published list relied upon by the applicant, the latter would prevail. Pursuant to the EO, every MDA must ensure that its fees, timelines and other deliverables it owes applicants are published within its premises and regularly updated on their websites. Nigeria made transferring property in Lagos less costly by reducing fees for property transactions (DB 2017). Also, according to (DB 2018), Nigeria made transferring property easier and more transparent by removing the sworn affidavit for certified copies of the land ownership records, introducing a specific and independent complaint mechanism, and by publishing statistics on land transfers. Nigeria made transferring property more transparent by publishing the list documents, fee schedule and service standards for property transactions (DB 2018). Nigeria improved its land administration system by implementing a geographic information system (DB 2020).

On Getting Credit, over the last decade, the Central Bank of Nigeria (CBN) and other stakeholders have embarked on several access to credit and financial inclusion reform initiatives in line with the sector's Financial System Strategy (FSS) and National Financial Inclusion Strategy (NFIS) 2012 (revised in 2018). In its five year-strategy document (2019-2024), the CBN established access to finance and financial inclusion. Financial institutions, particularly banks, are encouraged to create credit to enable individuals and businesses to meet their obligations. According to Collateral Registry Act (2017) and Credit Reporting Act (2017), along with the Credit Bureau Act, the Secured Transactions in Movable Assets Act (STMAA) enacted in 2017 provided the legal and regulatory framework to facilitate the use of movable property as collateral for both business and consumer lending, and a system for lenders to register non-possessory security interests with a collateral registry. According to the Acts, the key objectives are to diversify collateral base of banks to reflect the reality of MSMEs and consumers, enabling the use of securities such as inventory, receivables, leases, farm products, equipment, electronic devices, jewellery, etc., to secure loans. Studies have therefore shown that the introduction of collateral registries in many states of the country have led to increased availability of credit to businesses and at better terms. Nigeria improved its credit information system through a central bank guideline defining the licensing, operational and regulatory requirements for a privately owned credit bureau (DB2010). Nigeria improved access to credit information by distributing credit information from retail companies (DB 2013). Nigeria improved access to credit information by guaranteeing borrowers the legal right to inspect their credit data from the credit bureau and by starting to provide credit scores to banks, financial institutions and borrowers. Nigeria also strengthened access to credit by adopting a new law on secured transactions and establishing a modern collateral registry. (DB 2018).

However, some factors like risk assessment, availability of credit information, and know your customer (KYC) on borrowers and potential borrowers, especially in the rural areas; absence of strong creditor priority rules and enforcement issues; strict conditions required by the CBN guarantee and intervention funds; weak rural financing skills and know-how, etc. tend to discourage or constrain financial institutions from unlocking credit to the real sector and diversifying collateral requirements.

In the aspect of protecting minority investors, Nigeria has proposed reforms covering the strength of shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. Also, Nigeria strengthened minority

investor protections by requiring that related-party transactions be subject to external review and to approval by disinterested shareholders (DB, 2016).

In the area of paying taxes, in Nigeria, the automated process adopted in tax assessment now makes it easier to link business with tax authorities, dispensing the need for physical registration at the tax office. In 2013, Nigeria introduced a new compulsory labor contribution paid by the employer (DB 2013). Nigeria made paying taxes easier by introducing new channels for payment of taxes and mandating taxpayers to file tax returns at the nearest "Federal Inland Revenue Service (FIRS)" office. (DB 2018).

In trading across Borders, in Nigeria, users of the ports have faced various challenges in the past ranging from congestion, delayed cargo clearance, touting, uncoordinated actions of duplicative agencies, amongst others. To ameliorate these challenges faced, an Executive Order from the government prohibits any form of touting by official or unofficial persons while allowing only on-duty staff, and except with the permission of the head of the agency, an off-duty staff at the ports. This has enhanced proper identification of officials on duty and any form of solicitation could be reported to appropriate authority. To ease operations at the ports, all MDAs are required to make arrangements to fuse into a single customer interface, making them customer/investor/tourist friendly while taking account of inflow and outflow data. Thus, time spent going through numerous checks at the ports have been considerably minimized. Also, the port operation is now run on a 24 hour circle enabling an increased commercial activities. According to World Bank report of 2009, Nigeria speeded up exporting and importing by upgrading facilities at Apapa port in Lagos. Nigeria reduced the time to export and import by further upgrading its electronic system and by launching e-payment of fees (DB 2019) (DB 2020).

With regards to enforcing contract, Nigeria has made an opportunity for self-representation in the court. This decongests the High Court and improves entrepreneurs' ease of taking legal action and getting justice. Nigeria made enforcing contracts easier by issuing new rules of civil procedure for small claims courts which limit adjournments to unforeseen and exceptional circumstances (DB 2019). Also, Nigeria made enforcing contracts easier by introducing a pretrial conference as part of the case management techniques used in court, and equally made enforcing contracts easier by issuing new rules of civil procedure for small claims courts, which limit adjournments to unforeseen and exceptional circumstances (DB 2020).

As for resolving insolvency, the Presidential Enabling Business Environment Council (PEBEC) in partnership with the Corporate Affairs Commission (CAC) commenced the implementation of some reforms to make resolving insolvency easier, faster and more efficient in Nigeria. According to the Ease of Resolving Insolvency in the Companies and Allied Matters (CAM) Act 2018; Companies don't have to wind up immediately if unable to pay a debt. With the introduction of Business Rescue, companies now have access to business rescue alternatives that includes a Company Voluntary Arrangement and Administration, Winding Up and Receivership are now converted to Administration and during this process, there is suspension on the enforcement of securities, court actions, confiscation of assets, etc. The CAM Act also provides the possibility of the insolvency company to obtain post-commencement credit to finance its ongoing needs, where a new administrator is appointed.

2.4 Theoretical Framework

The paper is anchored on the public value theory (PVT) which was developed by Moore in (2013). The theory emerged during the monumental global financial crisis that began in 2007 that was followed by the Great Recession from which the world economy has been slowly recovering. Unlike the 1970s, this crisis triggered a renewed interest in government regulation and intervention in the private economy. Government is in a special position to take the lead on public problems by harnessing its own resources, and also through convening the resources of business and non-profit sector. Thus, public value theory advances a theory of governance that is neither strictly bureaucratic nor market based, but, rather, collaborative, democratic, and focused on good governance. Public Value Theory attempts to create a dialogue between governments and citizens about what values public endeavors should pursue and to fully consider combining economic efficiency and organizational forms. Focusing on citizens, citizenship and democracy as central values, PVT is concerned with achieving goals efficiently through organizational means that engage citizens in an ongoing dialogue with officials and experts. According to Moore, value should be rooted in the desires and perception of individuals and the public sector should strive to satisfy the general desires of individuals. The public is the judge and jury of public value. Moore stresses on the need for a closer relationship between the values and purposes articulated through citizen participation in the political process and the implementation of those values and purposes. Thus, the relevance of this theory to the study is that there is need for synergy in articulating the policies that regulate businesses in the country through collaboration and consultation with the private sector and the general public.

2.5 Observations

i, Nigeria is actually doing well in ease of doing business but better measures need to be adopted the country wants to continue to climb in the ease of doing business index.

ii, There is a disconnection between the business regulatory agencies and the entrepreneurs in the formulation of business policies in Nigeria.

2.6 Conclusion

Institutional entry barriers, lack of financial capital, overall costs, and difficulties associated with operating a business limit entrepreneurship, and by extension, starting a business in Nigeria.

It is the position of the paper that business-friendly policies is associated with entrepreneurship development, starting a business, and greater economic growth. The ease of doing business index ranks countries against each other based on how the regulatory environment is conducive to business operation and stronger protections of property rights. The Ease of Doing Business is indicative of how favorable an economy is for business operations. 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 and high operating costs. No doubt, improving the business regulatory environment across Nigeria will be key for the country's economic growth and development.

2.7 Suggestions

1) There is need for knowledge sharing on the regulatory reform process related to the areas measured by Ease of Doing Business in Nigeria through peer-to-peer learning events which involves organizing workshops where policy makers from different levels of governments across the country meet to discuss the challenges of regulatory reform and share their experiences.

2) There is need for the government to adopt an inclusive and collaborative model by creating a governance structure in which the threesome of business regulators, investors and the State jointly take ownership of the enterprise system and become partners in progress.

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