



AfriHeritage Strengthening Nigeria's global competitiveness

The *African Heritage Institution's* (AfriHeritage) BECANS initiative rates business environment and competitiveness to promote policy reforms for the private sector.

SETTING THE SCENE —With its oil, mineral and other natural resources, Nigeria has the potential to become a major player in the global economy. However, the country has been unable to translate its huge crude oil earnings into the kind of international competitiveness that will drive sustainable growth, create employment and reduce poverty. In order for the nation to compete globally, it must create an environment in which private enterprises can flourish. However, the cost of doing business in Nigeria is high and the business environment has not enabled a competitive private sector in the country's constituent states.

Responsibility for shaping the business environment in Nigeria is shared between federal, state and local governments. However, prior to 2003, there was a disproportionate concentration of reforms at the federal level and business environment improvements

had not been devolved to Nigerian states. State and local governments are crucial to ensuring a good business environment and enhancing Nigeria's global economic competitiveness, as they are responsible for providing and managing basic public services, utilities and social welfare, as well as for the bulk of business regulatory services. Without commensurate business environment reforms by state and local governments, reforms at the national level cannot have the desired impact on employment and poverty.

WHAT AFRIHERITAGE DID —The African Heritage Institution (AfriHeritage) – formerly the African Institute for Applied Economics (AIAE) – has been undertaking research on Nigeria's business environment and advocating for the growth and competitiveness of its private sector since 2003. When it began this work there was an acute shortage of information available at the state level on which to base policy or to support advocacy. AfriHeritage sought to fill the gap with a program of research and advocacy designed to stimulate reforms at the state level that would

“THE BECANS PROGRAMME ALIGNS WELL WITH THE NATIONAL OBJECTIVE OF GROWING THE PRIVATE SECTOR BY CREATING A VERY CONDUCIVE ENVIRONMENT FOR PRIVATE ENTERPRISE.”

MINISTER OF NATIONAL PLANNING / CHIEF EXECUTIVE, NATIONAL PLANNING AT THE BECANS LAUNCH IN 2007



foster a more enabling business environment. In 2003 – in collaboration with the National Planning Commission, the Central Bank of Nigeria, private sector organizations and the government – it launched the *Business Environment and Competitiveness Across Nigerian States* (BECANS) program.

BECANS provides a systematic assessment of the business environment and competitiveness across all 36 Nigerian states and the Federal Capital Territory. It surveys four aspects of the business environment: infrastructure and utilities, regulatory services, business support and investment promotion, and security. These are the BECANS benchmarks, which together make up the *Business Environment Index of Nigerian States* (BEIONS), the overall measure of the quality of the business environment across the states. BECANS uses two main types of data: information gathered from government ministries, departments and agencies, and assessments by business people themselves. Altogether, BECANS measures 75 indicators cutting across the business environment. Results are published in a comprehensive business environment report

and scorecard that AfriHeritage uses to promote business reforms at the state level.

THE OUTCOME —BECANS continues to run in successive cycles of research, surveys, dissemination and policy dialogue.

The first iteration of BECANS was completed in 2007 and BECANS II followed in 2010. A third round of assessment is now being developed for implementation in 2014.

BECANS has proved effective in influencing state-level reforms for a better business environment. Many states have responded to BECANS' results by making positive adjustments in administrative procedures and institutional processes that increase efficiency of service delivery in such areas as tax collection, land administration, business support and entrepreneurship development. Benchmarking states against one another has put increased pressure on state governments to take measures to shape a more friendly business climate. BECANS has also promoted mutual learning across the states by disseminating good practices.

For more information on AfriHeritage visit afriheritage.org

TTI's Stories of Influence Series

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