Enhancing Nigerian Advocacy for a Better Business Environment

Annex 3 – Impact reforms

Contents

1. Improving poor women and men's access to finance through Central Bank of Nigeria's Micro, Small and Medium Enterprise Development Fund

Type of Reform	Administrative
Type of Benefits	Access to finance
Date Achieved	2015 and 2016
Partners Involved	Quintessential Business Women's Association
States location	16 states
Outreach Number	6,000 (95% women)
Number with Increased income 15%	3,600 (95% women)

In a 2016 ENABLE2 survey, micro-enterprises cited access to finance as the single most important business environment constraint they face.[1]

In 2016, just 16% of Nigerian adults had accessed credit in the past twelve months, excluding money from family and friends. Most of these borrowers are in urban areas; poor people, rural people and women were the least likely to access financial services. By region, people in north-west Nigeria suffer greater financial exclusion than Nigerians as a whole.[2]

In August 2013 the Central Bank of Nigeria (CBN) launched a nationwide access to finance initiative, the Micro, Small and Medium Enterprise Development Fund (MSMEDF). CBN subsidised loans from the fund, so that MSMEs only have to pay 9% APR interest, much less than prevailing market rates.[3] CBN earmarked 60% of this credit for women-owned MSMEs.

CBN began disbursing funds to banks, which on-lent to MSMEs. However, few banks decided to participate, leaving funds unallocated.[4] Furthermore, few of the businesses accessing MSMEDF credit were micro-enterprises; poor, rural women were particularly under-represented.[5]

The Quintessential Business Women's Association (QBWA) sought to change this, by helping CBN to find micro-finance banks willing to participate and by linking rural women to the MSMDEF. Around 85% of QBWA's members are women and 75% are smallholder farmers. In two states, QBWA identified creditworthy borrowers among its members, formed these members into groups to encourage each other to repay the loans, and monitored repayment.

QBWA wanted to perform these services in more states, but was unable to get CBN's endorsement. ENABLE2's Diagnostic Study identified two main problems in QBWA's advocacy which contributed to this: QBWA did not use evidence in its advocacy to the CBN and did not document the outcomes of its meetings with CBN officials, resulting in CBN back-tracking on agreements.

ENABLE2 built QBWA's advocacy capacity, focusing on addressing the constraints mentioned above. QBWA created a Position Paper with evidence of their value added to the MSMEDF and presented this to CBN. QBWA also began agreeing on minutes of its meetings with CBN officials. QBWA's new advocacy approach culminated in CBN endorsing QBWA's involvement with MSMEDF in 16 more states.

[1] ENABLE2. (2016) *Micro-Enterprise Perception Survey*.
[2] Enhancing Financial Innovation and Access (EFInA) (2017) *Access to Financial Services in Nigeria 2016 Survey*.
[3] We have been unable to find data on average interest rates charged to micro-enterprises. However, one Nigeria micro-finance bank that publishes its interest rates lends to micro-enterprises at 70% APR, including fees. Source: AB Micro-finance Bank website, August 2017.
[4] The CBN has struggled to find enough eligible banks willing to disburse MSMEDF credit. In July 2017 CBN officials indicated that funds are still sitting in the Central Bank, awaiting allocation; news reports also indicated that 60% of the MSMEDF's funds were unallocated.
[5] Interview with Elenwor Ihua, MSMEDF Office, Development Finance Department, Central Bank of Nigeria, July 2017. We assume that this is because few poor, rural women had heard about MSMEDF; many lived far from participating banks, raising transaction costs for them and for banks; illiteracy would have prevented many from completing their applications alone; and their low financial literacy and lack of assets to use as collateral would have dissuaded banks from lending to them (source: interview with QBWA CEO, Shimite Bello, July 2017.

In the sixteen states QBWA has since persuaded additional micro-finance banks to access MSMEDF and lend its subsidised credit to QBWA members. Across the sixteen states QBWA has facilitated N1.6 billion of loans from the MSMEDF, benefiting 6,000 micro-enterprises, most of which are women-owned.

Despite QBWA's efforts to encourage loan repayment, low repayment rates remain a challenge both among QBWA members and the MSMEDF as a whole. Although difficult to confirm, ENABLE2 believes this is from a prevalent misconception in Nigeria – that government-backed loans are "free money" and people are "finally getting their share" of the nation's oil wealth.

Nonetheless, given how rarely women micro-entrepreneurs access credit in Nigeria, the CBN has praised QBWA's role in the MSMEDF. Elenwor Ihua, a CBN official overseeing the fund, notes that "QBWA was a very important intervention. They brought a fresh perspective about how to target women."

QBWA now also facilitates its members' access to a second low-interest credit scheme, the Bank of Industry's Government Enterprise and Empowerment Program (GEEP). QBWA members are becoming mobile money agents, disbursing GEEP loans to other micro-enterprises. QBWA's Chief Executive Officer Shimite Bello acknowledges ENABLE2's role in persuading her to seize this opportunity, saying "when we had problems with CBN, if ENABLE2 hadn't stepped in, we'd never have gone near banks again."

2. Directing the Central Bank's Micro, Small and Medium Enterprises Development Fund towards micro-enterprises in Kano

Type of Reform	Administrative
Type of Benefits	Access to finance
Date Achieved	May 2015 (reform), September 2016 (outreach)
Partners Involved	Kano Business Advocacy Coalition
States location	Kano
Outreach Number	32,000 (25,800 micro-enterprises and 6,200 workers, 50% women)
Number with Increased income 15%	20,800 (55% women)

Nigeria's micro-entrepreneurs severely lack access to finance - particularly women. In a 2016 ENABLE2 survey, micro-enterprises cited access to finance as the single most important business environment constraint they face.[6] In 2016, just 16% of Nigerian adults had accessed credit in the past twelve months, excluding money from family and friends.[7]

In August 2013 the Central Bank of Nigeria (CBN) launched a ₦220 billion nationwide access to finance initiative, the Micro, Small and Medium Enterprise Development Fund (MSMEDF). CBN subsidised loans from the fund, so that MSMEs only have to pay 9% APR interest, much less than prevailing market rates.[8] CBN earmarked 60% of this credit for women-owned MSMEs. However, by 2015 it was clear that far fewer businesses were accessing the fund than intended; the CBN's stringent rules, designed to avoid misappropriation, were deterring participation.

In Kano, ENABLE2 partner The Women's Development Microfinance Bank (WDMFB) was keen for its micro-enterprise members to gain access. With ENABLE2 support, WDMFB set up the Kano Business Advocacy Coalition (KaBAC), together with other micro-finance banks, farmers' associations, business membership organisations and other civil society organisations.

To access MSMEDF, KaBAC first needed to persuade Kano's State Government to meet a CBN requirement - guaranteeing MSMEDF loans, so that the CBN gets back its money if a borrower in Kano defaults.

KaBAC worked with other ENABLE2 partners to achieve this. Kano State's Ministry of Commerce organised a public-private dialogue on the topic. KaBAC participated, and ENABLE2 media partners covered the event, creating awareness about the MSMEDF among Kano's business community. At the dialogue the Ministry of Commerce agreed to approach the State House of Assembly about the loan guarantee requirement. The ministry did this, and the State Government signed the loan guarantee in June 2015.

This was far from the end of KaBAC's advocacy. After the state government received MSMEDF funding from the Central Bank, government officials tried to divert the money. Officials employed various delay tactics, and put microfinance banks under pressure to give the loans to their connections, rather than the micro-finance banks' own customers. In response, KaBAC used the media to pressure the State Government and CBN to release the funds and respect the rules.

KaBAC's significant advocacy meant that microfinance banks did eventually receive MSMEDF funding, in August 2016. The following month they began lending. So far, 25,800 micro, small and medium-sized enterprises in Kano State have received MSMEDF loans. 50% of the loan recipients are women-owned. Our research indicates that most loan recipients have successfully invested in growing their businesses. Workers in Kano State have benefited too; Kano's MSMEDF recipients have, through their additional investments, created around 6,200 jobs.

[6] ENABLE2. (2016) *Micro-Enterprise Perception Survey*.
[7] Enhancing Financial Innovation and Access (EFInA) (2017) *Access to Financial Services in Nigeria 2016 Survey*.
[8] We have been unable to find data on average interest rates charged to micro-enterprises. However, one Nigeria micro-finance bank that publishes its interest rates lends to micro-enterprises at 70% APR, including fees. Source: AB Micro-finance Bank website, August 2017.

3. Introduction of standardised weights and measures

Type of Reform	Regulatory
Type of Benefits	Fair trade, standard measurements
Date Achieved	May 2016
Partners Involved	Jigawa Council of Ulama
States location	Jigawa
Outreach Number	To be confirmed in October 2017
Number with Increased income 15%	TBD

In marketplaces in Jigawa, consumers usually buy grains and salt by the bowlful. The bowl used to measure is locally called a *mudu*. Certain traders have found ways to cheat consumers, selling them less food than meets the eye. A common trick is to hammer in the bottom of the bowl, to make it smaller. A second issue is that *mudu* bowls come in slightly different sizes. As a result, families can go home with less food than they expected, whilst honest traders lose out to tricksters.

Prompted by feedback from the public and by religious conviction, the Jigawa State Council of Ulama, a group of Muslim scholars, wanted to champion the standardisation of weights and measures in Jigawa.[9] With ENABLE2 support, the Council of Ulama developed an advocacy strategy. The Council then proceeded to meet traders, consumers, clerics and traditional leaders; review the Federal Weights and Measures Act; develop a Position Paper; publicise the issue via the media; encourage clerics to publicise the issue among their congregations; and engage in dialogue with the state government.

Following the Council's advocacy, the state's Consumer Protection Council became more active in seizing adulterated bowls. Traders, fearing their *mudu* being publicly confiscated, and hearing about the importance of fair weights and measures via the media and from clerics, now use fewer hammered-in bowls.[10]

In May 2016, the Jigawa State Government also agreed to buy 40,000 bowls, in one uniform size, and pilot their usage in three marketplaces. One lesson learned is that a slightly different size of standard bowl would be more popular among consumers and traders. The State Government, accepting this finding, will introduce a new size of standard bowl across the state.

Before scaling up, however, the Jigawa State Government faces a barrier. According to the Federal Weights and Measures Act, the Federal Ministry of Industry, Trade and should levy a 'calibration charge' on each measuring bowl. Currently the charge is ₦200 per bowl, although the ministry rarely enforces it. Jigawa's Governor has stated that until the calibration charge is removed, his administration will not procure any more bowls. The Council of Ulama is working with a coalition of five state governments, supported by ENABLE2, to advocate to the federal ministry to significantly reduce the charge.[11] The coalition met the Federal Minister of State for Industry, Trade and Investment in October 2017, advocating for a reduction in the calibration charge to ₦10. That meeting Ministry led staff and coalition members to draft a communiqué endorsing the ₦10 charge. At the time of writing, the proposal is with the Minister for review and possible approval.

[9] A motivating factor for the Council of Ulama is that the Qur'an calls for fair dealings in business.
[10] In October 2017 ENABLE2 surveyed traders in two large Jigawa marketplaces. All 16 of the traders we interviewed reported that there were fewer hammered bowls in their marketplace than before (in early 2016, when the advocacy was beginning). When asked why, the traders cited warnings and enforcement by the Consumer Protection Council and sensitisation via the media and clerics. We conclude that the reduction in hammered-in bowls is attributable to the Council of Ulama's advocacy. Firstly, because in separate interviews the Consumer Protection Council acknowledged that the Council of Ulama's advocacy was what led them to do more to enforce fair weights and measures. Secondly, because the Council of Ulama promoted fair weights and measures via radio and asked clerics to dedicate sermons the topic.
[11] The state governments are: Jigawa, Kaduna, Kano, Katsina and Zamfara.

In an unforeseen boost to standardisation, coalition members from each of the five states have not only committed to standardising bowls within their state, but also between the five states. This will make it easier for businesspeople to trade grains across state borders.

4. Passing legislation to Ensure fair competition in Nigerian markets

Note: this reform was passed by the National Assembly in November 2017. However, assent of the President remains pending and therefore outreach impact is only counted in the logframe for 2019. Progress made towards its passage is an important achievement of the programme, and is tied to one of the programme's largest investments in a platform

Type of Reform	Legal
Type of Benefits	Lower prices, better goods and services, economic growth
Date Achieved	December 2017 (projected)
Partners Involved	Nigerian Employer Consultative Association, National Assembly Business Environment Roundtable, National Association for Small and Medium Enterprises
States location	Nationwide
Outreach Number	318,000 (projection, majority after 2019)
Number with Increased income 15%	318,000 (projection, majority after 2019)

Nigeria has no law which enforces competition. Firms can collude to fix prices, gain unfair competitive advantages and abuse market power without fear of punishment. When this happens, micro-enterprises and end-consumers tend to pay more for goods and services, receive less choice and make lower quality purchases.[12]

Seeking to address these issues, competition legislation was first introduced to Nigeria's National Assembly fourteen years ago. Successive attempts to pass the legislation have failed. A key reason for this was the absence of sustained, coordinated advocacy. Businesspeople who favoured competition legislation had failed to jointly advocate for its passage. Similarly, supporters of competition legislation within the National Assembly had no formal way of collaborating with advocates in the private sector.

From 2015, ENABLE2 supported a private sector and civil society coalition to advocate for the passage of the Competition Policy. The coalition was coordinated by the Nigeria Employers' Consultative Association (NECA) and included Manufacturers Association of Nigeria (MAN), Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA), Nigerian Economic Summit Group (NESG), Lagos Chamber of Commerce and Industry (LCCI), National Competitiveness Council of Nigeria (NCCN), Nigerian Association of Small Scale Industrialists (NASSI) and Quintessential Business Women's Association (QBWA), Consumers Empowerment Organisation of Nigeria (CEON) and Advertising Practitioners Council of Nigeria (APCON). The Coalition was successful in undertaking an initial advocacy campaign that comprised of:

> Met and presented to the House of Representative's sponsor of the bill and the Speaker of the House of Representatives (2015)

> Developed and delivered a position paper at the public hearing on the Competition Bill (May 2016)

> Undertook a media advocacy campaign (2016)

[12] ENABLE2 research on seven sectors in Nigeria substantiates this. The research analyses seven sectors which in Nigerian have monopolistic, duopolistic or oligopolistic characteristics: cement, cable television, sugar, beer, soft drinks and banking. The research compared prices and efficiency indicators in Nigeria with the same sectors in several other countries (benchmarks). These seven sectors exhibited higher prices and lower efficiency or innovation than in benchmark countries. For example, Nigerian businesses buying cement for construction or repairs pay among the highest prices in the world for cement, around double their counterparts in other middle income countries such as India, Thailand and China and higher than the UK, Germany or Spain. See Opeyemi Agbaje (2016) *Economic Impact Assessment of Comprehensive Review of The Institutional, Regulatory, Legislative and Associated Instruments Affecting Businesses in Nigeria*. RTC Advisory Services Ltd for ENABLE2.

> Held three "Competition Walks" in Lagos, Kaduna and Enugu to raise more public awareness of the bill (June-July 2016)

The National Assembly Business Environment Roundtables (NASSBER), an ENABLE2 partner, has also made important contributions towards the passage of the Competition Bill. Since November 2016 NASSBER has provided legal and competition policy expertise to the National Assembly on the Competition Bill, helping to fine-tune the legislation. NASSBER has also helped the advocacy coalition to track the bill's progress and liaise with key legislators. Meanwhile, GEMS3 also provided the National Assembly technical advice on the bill; see Section 5.6.1 for more details on how we worked together.

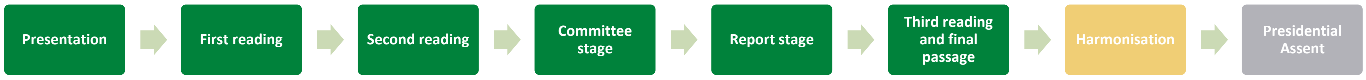


Figure 1: Competition bill National Assembly progress

The Competition Bill has now completed seven of the eight steps required for it to become law, as illustrated in Figure 3.

The legislation passed its final reading in both houses of the National Assembly, due in part of the advocacy mentioned above. In November the bill passed through Concurrence (harmonisation of the different versions passed by the House of Representatives and the Senate) and sent for presidential assent. ENABLE2 partners continue to advocate for its passage.

When the Bill is assented, it will take several years to be fully enforced. Once fully enforced, ENABLE2-supported research suggests that the Competition Bill could, over five years, have a substantial impact on the economy. Prices could reduce by up to 1% economy-wide, spur the creation of 318,000 jobs and reduce poverty by 12%.[13]

In order to achieve this, Nigeria's new Competition and Consumer Protection Council on secondment, the body tasked with the bill's enforcement, will benefit from technical support (e.g. seconding international competition experts). ENABLE2 is helping the Consumer Protection Council (which will expand to take on the competition regulation function) to assess its technical capacity needs. We recommend that DfID review the findings and encourage relevant programmes to support the Competition Bill's implementation.

[13] Opeyemi Agbaje (2016) *Economic Impact Assessment of Comprehensive Review of the Institutional, Regulatory, Legislative and Associated Instruments Affecting Businesses in Nigeria*. RTC Advisory Services Ltd for ENABLE2, p. 43; Opeyemi Agbaje (2016) '*Economic Impact Assessment*' presentation at NASSBER Inaugural Roundtable, March 21st 2016, pp. 21-22.

5. Executive order on margin of preference in public procurement to support Made in Nigeria

Type of Reform	Policy
Type of Benefits	Increased Government Procurement of Made In Nigeria goods Increased Micro, Small and Medium Enterprises participation in Public Procurement
Date Achieved	18th May 2017
Partners Involved	Manufacturers Association of Nigeria
States location	Federal
Outreach Number	TBD
Number with Increased income 15%	TBD

On 18th May 2017, the Acting President of Nigeria, Yemi Osinbajo, issued an executive order on Made in Nigeria. The order was the result of a two-year advocacy campaign by the Manufacturers Association of Nigeria (MAN) imploring the Federal Government to increase its patronage of "Made in Nigeria" goods.

The order states that products made in Nigeria shall be given preference in the procurement of specified items and at least 40% of the procurement expenditure on those items in all ministries, departments and agencies (MDAs) of the Federal Government of Nigeria shall be locally manufactured goods or local service providers. Further, the order defines Nigerian goods and local service providers as being, "goods manufactured in Nigeria and services provided by Nigerian citizens doing business as sole proprietors, firms, or companies held wholly by them or in the majority."

The timing of this executive order was underscored in a study by the National Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) that classified over 50 per cent of manufacturing companies as "ailing industries", and estimated that over the past six years Nigerian manufacturers have lost around $3 billion (USD) in sales each year.[14]

In this context, MAN approached ENABLE2 for support developing an advocacy strategy for the patronage of goods made in Nigeria. After a diagnostic on MAN's advocacy capacity, the association received training on how to conduct effective evidence based advocacy. A key part of this training was issue identification. MAN identified three actionable thematic areas within a Made in Nigeria campaign, and with support from ENABLE2, the association developed an advocacy strategy and workplan. The areas included:

Amending Nigeria's Public Procurement Act;

- The low level of Government patronage of goods made in Nigeria; and,
- The effect of counterfeiting and smuggling on the Nigeria economy.

A key part of improving MAN's ability to advocate was improving their use of research. For the first time, MAN made its members available for polling and gave access to its stores and inventories for data gathering. The information gathered from this research informed the development of position papers and fact sheets on the three issues identified.

With ENABLE2 encouragement, MAN invited members of the organised private sector to join a coalition to push for patronage of Nigerian-made goods and services. The newly-formed Made in Nigeria Coalition (MINAC) supported MAN in validating its research and position papers and expanded participation in the advocacy to associations representing microenterprises.

[14] This is based on estimates by Value Fronteira Limited

MAN organised two public-private dialogues and invited key government ministries, where it submitted the following policy recommendations:

- Set a realistic margin of preference. Our research suggests 60% in favour of goods made in Nigeria. This should be effectively implemented for all procurements of the Federal Government. State and local Governments should be encouraged to follow suit.
- Increase micro, small and medium enterprises' participation rate in all public procurements to a minimum of 40%.

Using tools provided by ENABLE2, MAN'S successful advocacy increased the profile of the Made in Nigeria campaign and secured invitations to present at various government events on the topic. These dialogues led to increased engagements between the Association and key MDAs responsible for implementing a made in Nigeria patronage policy including the Bureau of Public Procurement (BPP) and the Federal Ministry of Industry Trade and Investment (FMITI).

MAN posits that a policy on margins of preference in favour of Nigerian goods is the only way to increase MDA patronage of Nigerian manufactured goods. The association will submit policy recommendations to FMITI on sector-specific margins of preference for: textiles; iron and steel; paper and paper products; pharmaceutical; and, wood and wood products. There are plans for continued dialogue on the implementation of the executive order with the Office of the Vice President in October 2017.

The prevailing logic is that with a guaranteed market, manufacturers will have the confidence to invest in the new technology and other necessary inputs to reduce costs while increasing production to meet the procurement demands of MDAs. An increase in production and supply will translate to job creation, increased income and increased revenue generation for the government.

ENABLE2 believes that the margin of preference needs to be set at a level that makes Nigerian products competitive with imports.

6. Reviewing the National Tax Policy

Type of Reform	Policy
Type of Benefits	MSMEs benefit from reduced corporation tax, receive tax penalty waivers and VAT exemptions.
Date Achieved	February 2017
Partners Involved	National Association of Small and Medium Enterprises, Tax Coalition
States location	Federal
Outreach Number	1.3 million micro-Enterprises (780,000 female) projected by 2019
Number with Increased income 15%	1.3 million micro-Enterprises (780,000 female) projected by 2019

Of the various World Bank Ease of Doing Business indicators, Nigeria ranks 182 out of 190 on the payment of taxes indicator15. As a result of a myriad of issues ranging from high and multiple taxes, to stringent penalties for default, the Nigerian Association of Small and Medium Enterprises (NASME) wanted to work with its members and the government to improve the taxation system. Pursuing change with the Federal Inland Revenue Service (FIRS) and the Joint Tax Board (JTB) offered the opportunity for a significant change in policy direction for an issue impacting over one million MSMEs in Nigeria. Following sustained advocacy from NASME in February 2017, the Federal Executive Council approved the new National Tax Policy.

In the three years of partnering with ENABLE2, NASME was equipped with skills in research, advocacy strategy development, coalition building, funding raising, financial management, media relations, stakeholder engagement and these skills have enabled the organisation to significantly influence a major policy shift by the Federal Government.

The partnership between ENABLE2 and NASME began in July 2015 with a functional review of the organisation geared towards solving the ineffectiveness of NASME's internal governance systems and identifying business environment challenges that its members were facing. Out of ten issues, taxation was ranked as a top three challenge that NASME members were facing. Some of the problems identified with the tax system included 1) complex and cumbersome tax payment processes; 2) use of aggressive collection methods by authorities; 3) multiplicity of taxes; 4) unclear and inaccurate tax categorisations for MSMEs; 5) multiplicity of revenue agencies; and, 6) poor accountability for tax revenue.

The Lagos chapter of NASME hosted a forum to study Nigeria's tax and regulatory framework and the impact on the micro small and medium enterprise (MSME) sector. At this forum Deloitte, a tax advisory firm, pledged support to NASME and other stakeholders to advance their advocacy goals. After this session, armed with findings from the ENABLE2 supported functional review, NASME planned a national level tax intervention.

The first step in the intervention was to develop an evidence backed position with which to engage government. ENABLE2 supported NASME to develop and agree on a partnership framework with Deloitte, where Deloitte would provide their tax expertise in supporting evidence gathering while NASME, through its members, would provide data needed for the research. It is important to note that prior to ENABLE2 support, NASME had never employed the services of consultants in its advocacy to the government.

In recognition of the tax challenges outlined in the report from Deloitte, NASME sought out other stakeholders with whom to build a coalition for change. ENABLE2 provided coalition building support to NASME, who then identified other stakeholders with whom they could act in concert to provide to lobby the government on a continual basis.

With a new and strategic relationship with Deloitte, NASME requested Deloitte's assistance in documenting the challenges faced by MSMEs and highlighting the inherent tax and regulatory gaps

[15] World Bank Doing Business Report 2017 http://www.doingbusiness.org/data/exploreeconomies/nigeria

MSMEs face. Most importantly, NASME and the coalition worked with Deloitte to develop key recommendations for the government which would improve the taxation system for MSMEs.

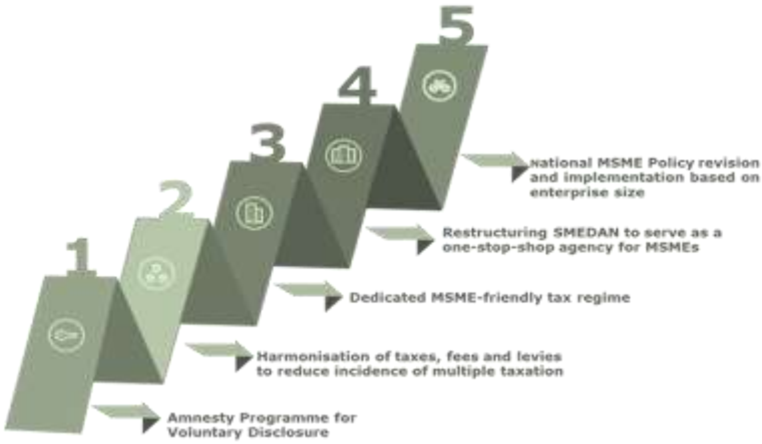


Figure 2: National Tax Policy reform process

On the 10th of August 2016, the government, through the Federal Ministry of Finance, set up a National Tax Policy Review Committee. This committee was charged with reviewing the existing Tax Policy and developing a tax system which would improve the business environment.

One of the Committee's first acts was to call for memoranda from relevant stakeholders and NASME and Deloitte presented their memorandum to them. In November 2016, the committee further engaged stakeholders to assist with the validation of its preliminary findings. At this session, NASME and other coalition members provided more detail on their tax experiences and the reasons behind the recommendations contained within the position paper. In February 2017, the Federal Executive Council (FEC) approved the revised National Tax Policy.[16] Recommendations from NASME are clearly adopted in the new policy – a major victory for their advocacy campaign. Some of these recommendations include:

- Lower corporation tax rates for small and micro-enterprises
- VAT exemption for micro-enterprises
- Automation of tax payment systems

The policy marks the start of a new tax regime at the highest level of government in Nigeria. ENABLE2 estimates that a reduction in corporation tax from 30% to 10% will increase incomes for 1.3 million microenterprises, of which 780,000 these are women owned. However, more advocacy will be required to turn policy to action even though signs of rapid policy implementation are compelling; the government recently set up a Tax Implementation Committee to begin work. NASME has also conducted a series of advocacy visits at the federal level to push for speedy implementation.

Additionally, some parts of the National Tax Policy have already been implemented. For example, the Voluntary Assets and Income Declaration Scheme (VAIDS) section was launched in July and will offer businesses and individuals a waiver of penalties and interest on any tax owed in return for formalising their tax arrangements. FIRS aims to reach 24 million additional tax payers through this scheme and NASME is actively planning to support the roll out of VAIDS with the FIRS. This collaboration between private and public sector has been praised by FIRS Chairman, who says that "[t]his is the first time that a private sector association will partner with the Tax Authorities on tax implementation. We believe this partnership will yield mutual benefits for government and MSMEs".

[16] Revised National Tax Policy: http://pwcnigeria.typepad.com/files/fec-approved-ntp---feb-1-2017.pdf

7. Tax adjustment on imported pharmaceuticals

Type of Reform	Policy
Type of Benefits	Job creation, economic growth
Date Achieved	November 2016
Partners Involved	Pharmaceutical Manufacturers' Group (PMG MAN), National Association for Small and Medium Enterprises
States location	Federal
Outreach Number	18,300 workers (41% women)
Number with Increased income 15%	1,700 workers (41% women)

A 2011 report by the United Nations Industrial Development Organization states that more than 30,000 Nigerians are directly employed in the pharmaceutical sector. Data from the Pharmaceutical Manufacturers' Group (PMG), an umbrella body for local medicines manufacturers, suggests that the sector engages 500,000 Nigerians, when indirect employment is included. Yet the sector's contribution to job creation could be much greater; PMG predicted that employment in the sector could double, with the right policies in place.[17]

From 2015, a major policy constraint to job creation was Nigeria's import tariffs. Imports of finished pharmaceuticals entered the country duty-free, yet imports of pharmaceutical raw materials and packaging carried a 20% duty. For local producers, this imbalance made it hard to compete with imports.

PMG had long sought to change this import tariff policy, but its advocacy had been ineffective. The breakthrough came when PMG applied advocacy practices learned from the National Association of Small and Medium Enterprises (NASME), an ENABLE2 partner.

Prince Degun Agboade is NASME's President. He is also PMG's Publicity Secretary. Agboade described how he replicated learning from ENABLE2 as follows: "ENABLE support has greatly improved the capacity of NASME as a body, we are also beginning to extend this beyond even the association...What I did was to use the template of ENABLE2 to put on the table for PMG an approach to raise a letter on this establishment of 20% of import levy on pharmaceutical."

In other words, PMG created a position paper; carried out a stakeholder analysis; and created an advocacy strategy, in line with ENABLE2's five-step approach to advocacy. PMG then put their advocacy strategy into action. They raised their position with Nigeria's Minister of Finance, then the President, before following up with the Minister of Finance and several other high-ranking politicians and civil servants. This led to PMG's request being tabled and approved by Nigeria's Federal Executive Council.

Specifically, the President approved a new fiscal policy in November 2016 which levies a 20% Import Adjustment Tax on four groups of finished imported medicines, which local manufacturers have the capacity to produce. The policy also removes import duties on imports of pharmaceutical raw materials and packaging. As a result, we expect Nigeria's medicine manufacturers to see their businesses grow, with positive implications for job creation. If we (conservatively) estimate a 10% growth in employment in the sector by the end of 2019, an additional 1,700 workers could be hired as a result of the import tariff reform.

[17] Pharmaceutical Manufacturers Group of Manufacturers Association of Nigeria. (2017) *Local Medicines' Manufacturing, Government Policies and Access to Healthcare in Nigeria.* Press Statement

8. Multiple taxation in Kaduna

Doing Business and Investment climate reports, have consistently identified nuisance taxation such as multiple taxation, as a major hindrance to doing business in Nigeria. In Kaduna state, the burden of multiple taxation is borne by an estimated 65% of the population. Additionally, before 2015, businesses in the state could be subjected to about 200 different taxes and charges.[18] In May 2016, following advocacy support from ENABLE2 and technical input from GEMS3, the Kaduna State Government signed into law the harmonized tax bill.

Type of Reform	Policy/Legislation
Type of Benefits	Harmonization of Multiple taxation
Date Achieved	May 2016
Partners Involved	Kaduna Chamber of Commerce, Industry, Mining and Agriculture, Kaduna State Ministry of Commerce
States location	Kaduna
Outreach Number	506,000
Number with Increased income 15%	Not Applicable

ENABLEs engagement with the Kaduna Chamber of Commerce, Industry, Mines and Agriculture (KADCCIMA) commenced in 2010 through the ENABLE1 programme. The program supported KADCCIMA through a membership survey and advocacy training which led to the identification of multiple taxation as a key constraint for members. Additionally, the programme worked with KADCCIMA to identify the types of taxes that businesses were asked to pay and the authorities requesting them. Additionally, the Ministries, Departments and Agencies (MDA) component worked with the Kaduna Ministry of Commerce (MoC) on a public policy paper to end multiple and nuisance taxation. A consolidation of these two documents through several Public-Private Dialogues (PPDs) led to the drafting of a green paper.

When ENABLE2 commenced in November 2014, the GEMS3 programme has delivered technical inputs to the bill but advocacy had slowed down. ENABLE2 quickly reengaged with the MoC and KADCCIMA. This engagement was to progress the work on this issue but also to embed earlier practise changes in the two partners.

Capitalising on the opportunity offered by the general elections, ENABLE2 supported KADCCIMA to convene an interactive forum with gubernatorial aspirants in Kaduna state; the purpose of which was to further push the multiple taxation agenda. Two debates, with over 300 people in attendance, were held on the 28th and 29th of January 2015. During the debates the APC aspirant, Mallam Nasir El-Rufai, promised KADCIMMA and the audience that he would address multiple taxation problem if elected.

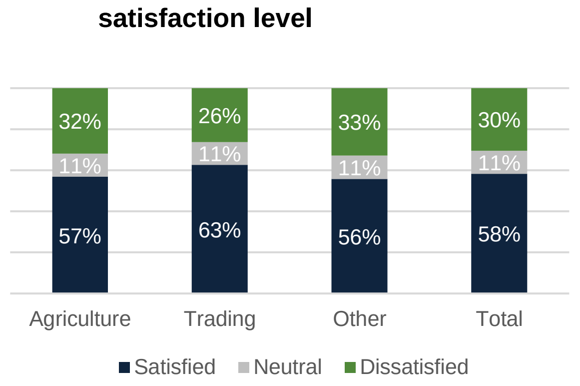
On the 28th of May 2015, the outgoing government signed the bill into law. Surprisingly however, after the inauguration of the new government of El-Rufai, the bill was repealed. This demanded continued and increased advocacy by KADCIMMA which eventually led the new government to sign the new Harmonized Tax bill into law in May 2016.

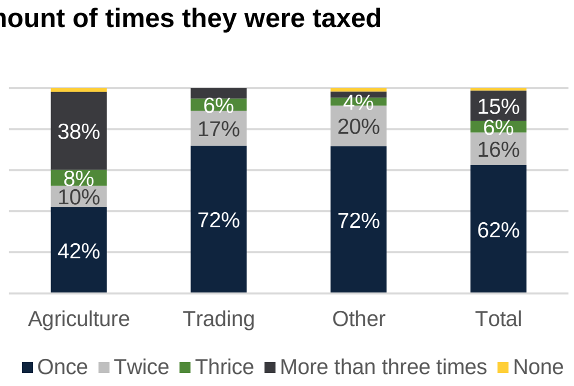
The new law has drastically streamlined the tax system at the state and local government levels, as businesses now pay only 19 taxes as opposed to 200. The new law brings with it a simpler tax regime that allows businesses spend less resources worrying about compliance and gives them more time and money to focus on growth. Our impact assessment estimates that about 506,000 micro-enterprises will experience at least one benefit from the new tax law. Such benefits include ease of tax payment, reduction in multiple taxation, reduction in harassment and monetary savings.

Figure: Number of respondents distributed by distributed by

Figure: Number of respondents

[18] Impact Assessment on Tax Harmonisation Reform - Kaduna State, KANTAR Public





As ENABLE2 prepares to exit Kaduna, a quick survey carried out by the ENABLE team in March 2017, identified that there is still low awareness of the harmonized tax bill among micro, small and medium enterprises (MSMEs). The impact assessment recently carried out in September 2017, lends credence the results of the quick survey as only 26% of those interviewed were aware of the new tax law, as depicted in the figure below. Additionally, the study highlighted that 62% of tax payers are being taxed only once, and that 58% of tax payers are satisfied with the new tax system

This realisation led the ENABLE2 team to support KADCCIMA to engage with the Kaduna Internal Revenue Service. Following several dialogues, these two organisations worked closely to put together a plan for information dissemination. This plan involves several information dissemination sessions; the first of which is taking place on the 21st of September. There are plans for additional sessions to occur amongst different categories of stakeholders as increased awareness, will lead to further reductions in the burden of multiple taxes on MSMEs.

9. Rice outgrower scheme in Jigawa

Type of Reform	Corporate[19]
Type of Benefits	Increased incomes for smallholder farmers, lower risk of conflict
Date Achieved	February 2016
Partners Involved	Jigawa Development Forum, Invest Jigawa, Daily Trust
States location	Jigawa
Outreach Number	2,300[20 21]
Number with Increased income 15%	2,300

In 2015, Growth and Employment in States 3 (GEMS3) approached ENABLE2 to provide additional support to the implementation of Jigawa's Responsible Agricultural Investment policy, a policy crafted with the help of GEMS3 technical experts. The first large-scale agricultural investment planned under this policy was in rice, by a Nigerian conglomerate called Dangote. Whilst Dangote intended to comply with the Responsible Agricultural Investment policy, and offered farmers the opportunity to access agricultural inputs on credit, farmers were complaining that Dangote's plans were unclear. Farmers they feared losing their land without adequate recompense.

When ENABLE2 met Dangote in mid-2015, the causes of the company's problems in communicating with farmers became clear: the company had only met Village Heads, through whom farmers and herders had received limited information. ENABLE2, worked with its partners Jigawa Development Forum and Invest Jigawa to persuade Dangote to make its consultation more inclusive.[22] Dangote subsequently did this; in July 2015 company staff visited eight communities, consulting farmers, herders and women involved in rice threshing. Jigawa Development Forum and Invest Jigawa, using ENABLE2 training on stakeholder consultation, helped Dangote to organise these consultation events and contributed to their success by encouraging women and men to voice their concerns.

By widening its consultation Dangote gained a clearer understanding of community members' concerns, and what it needed to do to gain their support for its plans. The consultations also gave communities a clearer understanding of the benefits of Dangote's proposed investment. Dangote opted for an out-grower model, which by its second season had engaged the participation of 1,009 farmers, who together employed an additional 2,785 workers.[23] In July 2017 GEMS3 calculated that farmers had already earned £587,000 cumulative net additional income as rice out-growers. GEMS3 projected this figure to rise to £3.7 million by June 2019.[24]

Challenges remain with the out-grower scheme. Dangote, in an effort to avoid funds going missing, has insisted that out-growers open bank accounts to receive payment. Opening a bank account in Nigeria can be burdensome, especially for rural, often semi-literate farmers. Farmers thus complained that Dangote has been slow to pay them, and their concerns were reported nationally by an ENABLE2 media partner, Daily Trust, increasing the pressure on Dangote to find solutions. Dangote is now in discussions with a bank and a mobile money provider, to make it easier for farmers to open bank

[19] We do not count this result as contributing to the 'number of reforms' indicator in our logframe. This is because it led to a change made by a large private sector company (Dangote) whereas we have defined 'reform' as only including actions taken by government. However, as an ENABLE2 outcome (public-private dialogue) has contributed to changes (the establishment of the out-grower scheme) which have benefited ENABLE2's target, we have reported this intervention's contributions to the 'outreach' and 'income' indicators at the Impact level of our logframe.

[20] GEMS3 have also claimed the same beneficiaries as attributable to their intervention. As the two programmes worked in close partnership we believe this is correct. However, when reporting the total impact of its portfolio DFID Nigeria may wish to split this impact between the two programme to avoid double-counting.

[21] In July 2017 GEMS3 calculated that 1,009 farmers had participated in the out-grower scheme in its most recent cycle and that they had hired an additional 2,785 workers. We have counted only 60% of these as a) 60% had repaid their loans at the time of measurement, and we cannot therefore be sure that the remaining 40% will receive inputs on credit the following season; and b) in August 2017, a Ministry of Agriculture and Natural Resources official, who serves as a liaison between farmers, government and Dangote, estimated that 60% of farmers had been paid within three months of harvest, while 40% experienced delays in payment longer than three months.

[22] Both Jigawa Development Forum and Invest Jigawa had identified Responsible Agricultural Investment as a key business environment issue they wanted to work on. ENABLE2 trained both

[23] Figures calculated by GEMS3. Source: GEMS3 MandE Report (Dangote Out-grower Scheme), July 2017.

[24] ENABLE2 has not done its own measurement of the out-grower scheme as this would be duplication of effort. GEMS3 assumed that the number of farmers participating would increase, on average, by 21% per cycle. Source: GEMS3 MandE Report (Dangote Out-grower Scheme), July 2017.

accounts. Encouragingly, Dangote by itself plans to discuss farmers' concerns and its proposed responses, via consultations, in October 2017. This is a positive sign that ENABLE2's efforts to promote consultation are not only changing practice in the public sector, but starting to spread to the private sector as well.

10. Renovating Katsina Central Market

Type of Reform	Policy/Administrative
Type of Benefits	Access to Markets
Date Achieved	July 2017
Partners Involved	Katsina Traders Association , Women's Economic Empowerment Organisation , Katsina Ministry of Commerce
States location	Katsina
Outreach Number	7,900(2,400 female)
Number with Increased income 15%	0

Katsina Traders Association (KTA) and Women's Economic Empowerment Organisation (WEEO) had been advocating for the renovation of the Central Market in Katsina for over 10 years without success. The central market currently serves as a business outlet for over 2,700 KTA, members making it one of the State's largest single market locations. Yet it was congested and dilapidated, constituting a health and safety hazard.

ENABLE2 partnered with KTA and WEEO in Year 1 of the programme, and provided a range of advocacy training and mentoring. In April 2015, a formal advocacy coalition was formed between the two organisations. Prior to their engagement with ENABLE2, neither KTA nor WEEO had ever utilised research to support their advocacy. ENABLE2 introduced the coalition to one of its research partners, Centre for Research and Documentation (CRD). Using research undertaken by CEDDERT, KTA and WEEO developed a position paper and presented a case for market renovations to the State Government. Despite some promises of reform from the Governor in 2015 no action was taken.

In Year 2, ENABLE2 worked with the Ministry of Commerce (MoC) on its business environment consultation capacity. The Ministry of Commerce subsequently led efforts to consult with the private sector at a micro, small and medium enterprise stakeholder public-private dialogue. KTA and WEEO now equipped with effective advocacy tools, reengaged the Ministry at the newly launched Gender and Business Forum (GAB). During these forums, the challenges associated with poor quality and access to market stalls were discussed, and the State Government resolved to consider the "expansion and improvement of affordable outlets for business", with specific emphasis on renovating and improving Kaduna Central Market.

In January 2017, with the backing of the Governor of Katsina State, the MoC commenced renovation of the market with inputs from WEEO and KTA. Improvements include new shops, hygiene and sanitation facilities, and safety and security apparatus. We anticipate that over 7,900 traders and their workers in the central market will benefit from these improvements.

Alhaji Habibu recognises that these improvements would have been impossible without effective advocacy, stating that. "due to the issues that KTA raised during the GAB concerning the congestion and dilapidated structures in the markets, the government decided to work on the market."

11. Prevention of market fires

Type of Reform	Administration
Type of Benefits	***Reduced incidence of Market fires, Reduced Loss of income by Market Traders***
Date Achieved	Jan-July 2017
Partners Involved	Kano Ministry of Commerce, Freedom Radio Kano, Express FM, Pyramid FM, Open Window Facility.
States location	Kano
Outreach Number	19,700 Microenterprises and workers, of which 1000 are women.
Number with Increased income 15%	Not Applicable

In 2017, the Kano State Government began to address the repeated occurrence of fire outbreaks in several markets as these incidents had resulted in the loss of goods, cash and property worth trillions of naira. Following advocacy by the private sector, intensive media coverage and consultation with the Kano Ministry of Commerce (MoC), the Kano state government and market associations are now enforcing several changes aimed at reducing the occurrence and impact of Kano market fires.

The issue of market fires was initially highlighted and covered by three ENABLE2 Media partners – Freedom Radio Kano, Express Radio and Pyramid Radio. These media partners reported on the frequency of the fires and its effects on small businesses. ENABLE2 had provided support to these media partners to improve their business reporting via the use of improved production techniques; balanced reporting principles; and extensive field-based journalism. Therefore, the field visits to the Kano markets uncovered the impact of the fires on businesses and subsequent follow-up reports on lack of government action, increased pressure on the state government to respond. In one instance, the Office of the Governor requested that Freedom Radio desist from reporting on government inaction, as Freedom Radio's persistent coverage of the market fires issue was damaging to the government's reputation.

With improved practices in public sector consultation, the Kano MoC led the government's efforts towards first understanding the key challenges of the market traders and then developing a solution. In December 2016, the Ministry hosted a public-private dialogue to uncover the cause of recent fire outbreaks; identify ways to prevent future outbreaks; determine firefighting capabilities required; and provide support to traders affected by the fires. Participants at the consultation meeting included the Kano State Traders' Union and the Amalgamated Traders Association. With support from ENABLE2, these two associations developed a position paper that contained 15 recommendations to the state government. One of the recommendations contained within the position paper was a request for the government to improve access roads for fire engine usage. Another recommendation was that government should educate market traders on and provide to links to Islamic insurers.

Using the findings from the consultation and position paper, a communique, which outlined priority action plans that needed to be taken by the government to prevent and tackle market fires, was developed. The communique was submitted to the Office of the State Secretary General (SSG) for onward submission to the Executive Governor.

Improved capacity was also reflected by the Ministry's ability to develop stronger, more credible implementation plans and by its improved media relations approach. Previously, Ministry staff would either have excluded the media from the public-private dialogue or paid the media to cover the event favourably. However, the invitation of media houses including ENABLE2 partners caused the market fires issue to receive unbiased, extensive coverage without the Ministry's influence.

With sustained pressure from ENABLE 2 media partners and the trader associations, the Kano Government has been obliged to begin to take steps to enforce fire prevention techniques. So far, the government has provided key fire-fighting infrastructure in Sabon Gari Market. These infrastructure interventions include the following:

> An upgraded fire station with new equipment

- Wider access roads and gates to accommodate fire trucks
- Regulations banning open-fires and flames in the market premises
- Fundraising to raise 1 billion naira that will go towards compensating victims of market fires

With these changes ENABLE2 expects that almost 20,000 market traders and workers in Sabon Gari will benefit from improved fire safety. However, since this is just one of many markets in Kano, ENABLE2 media partners are unrelenting in their efforts to provide effective coverage of fires in other markets so that the government will roll out similar initiatives across the state.

12. Kano tie and dye cluster development framework

Type of Reform	Policy
Type of Benefits	Access to Cluster Development, Improved Government Service.
Date Achieved	2017
Partners Involved	Masu Rini Progressive Association
States location	Kano
Outreach Number	5,800
Number with Increased income 15%	0

Masu Rini Progressive Association (MARIPA) was set up to address some of the challenges facing the tie and dye sector in Kano State. The association had been engaging the Kano State Ministry of Commerce in a bid to force government to regulate the importation of cheap textiles from China. Just before partnering with ENABLE2, government inaction resulted in MARIPA and others taking to street protests against Chinese imports.[25] Working with ENABLE2, MARIPA advocacy has resulted in Kano State Government committing to build a Common Facility Centre that will benefit up to 5,000 MARIPA members.

MARIPA approached ENABLE2 for help in 2015. ENABLE2 undertook a diagnostic of the association. As a grassroots organization, their advocacy and resources were exceptionally weak.

One of the first things uncovered was that they knew very little about their sector. ENABLE2 helped MARIPA to understand that advocacy requires evidence. Together, a review of the tie and dye sector in Kano was undertaken. This was the first time that MARIPA had conducted any research into their own sector. This provided MARIPA with a better understanding of the challenges facing their members, beyond the issue of cheaper Chinese imports.

With support from ENABLE2, the association convened a stakeholder's workshop to raise awareness of the poor competitive state of the industry, with the hope of arriving at a strategy that would resolve this. Multiple constraints were discussed but MARIPA considered the development of industrial clusters for the tie and dye sector as a realistic solution. A position paper and advocacy fact sheet were developed on the benefits a cluster could bring to the sector.

ENABLE2 encouraged and mentored MARIPA on how to engage the Ministry of Commerce. The association's understanding of the constraints in the sector and possible solutions meant that it was more effective than previous attempts. The Ministry were keen to explore MARIPA's recommendation for a Cluster Development detailed in the position paper.

It became clear that MARIPA nor Ministry of Commerce had experience of cluster development. ENABLE2, decided to provide some direct guidance to both organisations on how to develop an industrial cluster. Following this, the State Government committed N40 million to developing a Common Facility Centre[26] through infrastructure and access to finance, which will initially benefit MARIPA members.

Despite MARIPA's new advocacy approach and its ensuing success, the indigenous tie and dye industry in Kano remains under severe competitive pressure. The Common Facility Centre will help a small portion of MARIPA's 32,000 members. We estimate that when implemented around 5,800 could initially benefit. However, much larger constraints exist. Smuggling of cheap or counterfeit textiles, increase in the cost of inputs and the lack of infrastructure are some of the difficulties indigenous companies face. Associations like MARIPA will still struggle to survive as they face national and macro-economic threats beyond control and influence of their state governments.

[25] https://nairametrics.com/mass-protest-in-kano-as-local-dyers-challenge-chinese-domination/
[26] The facility is currently in construction with an expected completion date of October 2018.

13. Memorandum of understanding between NATA and KASTELEA to reduce harassment and improve working conditions

Type of Reform	Administrative
Type of Benefits	Reduced harassment, increased income
Date Achieved	July 2017
Partners Involved	Nigerian Automobile Technicians Association (Kaduna chapter)
States location	Kaduna
Outreach Number	11,000 (projected by end-2019)
Number who increased income 15%	2,200 (projected by end-2019)

43% percent of Kaduna mechanics report being harassed or detained by Kaduna State Traffic and Environmental Law Enforcement Agency (KASTELEA) officials, for driving without the requisite vehicle registration documents.[27] This problem usually arose as a result of the need for mechanics to test-drive vehicles that had been serviced to test functionality. In Kaduna, however, mechanics risked being arrested when doing this because in many instances, they did not possess the appropriate car documents.

ENABLE2 began its engagement with Kaduna Nigerian Automotive Technician Association (NATA) in June 2016. The engagement commenced with an assessment to identify opportunities to improve the association's capacity in several areas. Advocacy capability was one area that needed strengthening and ENABLE2 provided support to improve NATA members' capacity to advocate successfully. NATA applied lessons from the advocacy training and subsequently adopted a constructive approach in its advocacy approach. This went a long way in improving its relations with the Kaduna State government.

In engaging the government, NATA created an advocacy plan and developed a position paper outlining the problems faced by its members. Utilising these tools, NATA advocated its position at several public-private dialogues held in 2016 and 2017.[28] NATA's advocacy efforts eventually persuaded KASTELEA to concede to allow NATA members test vehicles on designated roads without fear of harassment. In July 2017, NATA and KASTELEA formalised their agreement through a Memorandum of Understanding (MoU).

At the time of writing this document, NATA Kaduna executives have been actively engaged in raising their members' awareness of the new rules. In a September 2017 survey, 70% of NATA Kaduna members said that they now expect to face less harassment. Comrade Abdullahi Suleiman, NATA Kaduna's Secretary, expressed his satisfaction with the process: "ENABLE2 opened our eyes to great possibilities; we never knew we could engage the governments and get specific commitments."

[27] ENABLE2 survey of 60 NATA members, Kaduna, September 2017.
[28] For example, the Gender and Business Platform Kaduna and meetings the Kaduna Ministry of Works, KASTELEA and the Office of the Governor of Kaduna State.

14. Ban of Vehicle Inspection Officers (VIO) in Kaduna

Type of Reform	Administrative
Type of Benefits	Reduced Harassment, Reduced Cost of Doing Business, Increased Incomes
Date Achieved	March 2016
Partners Involved	Kaduna State Ministry of Commerce, Kaduna Market Association
States location	Kaduna
Outreach Number	6,400
Number with Increased income 15%	0

ENABLE2 has been working with Kaduna's Ministry of Commerce (MoC) to improve its private sector consultation practices. Following its advocacy on behalf of the Kaduna Market Association, the Governor of the State introduced a ban on federal Vehicle Inspection Officers (VIO), who were reportedly harassing fruit traders on their way to market.

These officials had been operating illegally on state roads, arresting or delaying traders on fabricated charges. Traders reported requests for informal payments, and goods spoiling in the heat or becoming otherwise damaged while they engaged with VIO. Often, traders would spend most of their trading hours in negotiation with VIO, reducing their window for productivity for the day.

The Kaduna Market Association raised the issue in a focus group discussion (FGD) organised by the Kaduna MoC. The Ministry had acknowledged its poor record on evidence-based policy and was working with ENABLE2 to expand its sources of information on business environment issues. The FGD was one of numerous steps it was taking to improve its consultation practices. We encouraged the Ministry to institutionalise information gathering and consultation events, providing examples of the different forums government bodies use to engage with the private sector. The Kaduna MoC opted for a quarterly public-private dialogue platform, the 'Ministry of Commerce and Industry Business Weeks', and selected multiple taxation as the focal topic for its October 2015 inaugural event.

Although the Ministry was inclined to advocate on behalf of the fruit traders, we suggested that they meet both parties to ensure balanced, well-informed discussion. Following the event, the Ministry produced a follow-up memo, which the Honourable Commissioner presented to the State Executive Council in December 2015. The Council agreed that the VIO was not performing a valuable social function and banned the activities of VIO officials on all State roads. Fruit sellers have reported reduced harassment on the way to market. Fresh food transporters benefit from a reduction both in wastage and expenditure on informal payments. An overall reduction in corruption is also a step in the right direction for Kaduna State.

Kaduna MoC not only created an open forum for airing grievances, but acted swiftly to address issues once identified. The forum is now being used to explore additional issues such as access-to-finance and weights and measures. Encouragingly, the Business Week has been included in the organisation's budget, vastly increasing the likelihood that it will be sustained.

15. Passage of Credit Reporting Act 2017

Type of Reform	Legislative
Type of Benefits	Increased access to finance, reduced cost of borrowing,
Date Achieved	May 2017
Partners Involved	National Assembly Business Environment Roundtable, National Association of Small and Medium Enterprises, Quintessential Business Women's Association
States location	Nationwide
Outreach Number	0
Number with Increased income 15%	0

As of December 2016, only 6% of Nigerians had a credit rating and the value of non-performing loans in the country stood at NGN 2.084 trillion. Without access to individual credit ratings, financial institutions are less likely to lend even to the creditworthy. In May 2017, Acting President Yemi Osinbajo signed into law Credit Reporting Act.

The Credit Reporting Bill was one of 13 bills the National Assembly Business Environment Roundtables, an ENABLE2 supported platform, prioritised for passage to improve Nigeria's business environment.[29]

The National Assembly acted swiftly, passing the Credit Reporting Act through House of Representatives and the Senate in May 2017. This new law will increase the amount of information on lenders available to financial institutions in Nigeria by:

- Creating the first-ever legal and regulatory framework governing credit reporting;
- Creating three registered credit bureaus;
- Establishing a credit risk management system; and,
- Making it compulsory for all financial institutions to maintain and share credit reports.

With successful implementation, this new regulatory environment will allow creditors to tailor the costs of lending more accurately to the risks posed by individuals. Available to non-traditional financial institutions such as telecommunications and insurance companies, it will allow for the creation of more credit-based products for businesses and support innovation. Across a wide range of credit products, this act holds the promise of a significant reduction in default rates.

The International Finance Corporation (IFC) projects that Nigeria's adult populations' credit reporting coverage will rise from 6% to 19% by 2020. On the assumption that there will be 500,000 credit checks in this period with a conservative success rate of 20%, the IFC is confident that there will be at least 100,000 successful loans attributable to the Act over the next three years. Beyond reducing risks for lenders and increasing the transparency of financial decision-making for borrowers, the Act will deepen the lending sector by providing opportunities for credit providers to offer new services, more competitive interest rates and products.

It is important to note that the benefits of this legislation will most likely accrue to salaried individuals and formalised small to large businesses. Our target group of low-income, informal businesses will continue to struggle to establish the credit history required by lenders. However, removing one constraint in the business environment that makes Nigeria's financial institutions unwilling to lend, the credit reporting reform provides an opportunity to develop a clearer understanding of the remaining constraints and the strategies required to remove them. Additionally, by de-risking lending in other sectors, the Act might encourage banks to add riskier creditors to their portfolio, albeit at higher interest rates.

[29] See National Assemble Business Environment Roundtable case study for more information.

16. Equipment Leasing Act (prevention of repeal)

Type of Reform	Legislative/Regulatory
Type of Benefits	Prevention of repeal of the Equipment Leasing Act (ELA) 2015
Date Achieved	2016
Partners Involved	Equipment Leasing Association of Nigeria, Nigerian Economic Summit Group, National Assembly Business Environment Roundtables
States location	Federal
Outreach Number	93,000 Micro Enterprises (54,800 women owned) by 2019[30]
Number with Increased income 15%	0

Equipment Leasing Association of Nigeria (ELAN) is the umbrella organisations for banks, independent leasing companies, equipment suppliers and insurance companies in the leasing sector. Its primary objective is to promote leasing as an innovative financing option that will contribute to capital formation in the Nigerian economy.

ENABLE in phase 1 partnered with ELAN to advocate for the passage of the Equipment Leasing Act (ELA) 2015. The ELA was passed by the National Assembly and signed into law on 26 May 2015. The law has created a clear legal framework for the industry that includes: acknowledgement of leasing as a distinct form of financial and investment agreement; elucidation of the rights of leasers and leasers; the removal of cumbersome repossession procedures; clarity on bankruptcy proceedings; and, clear consequences in the event of fraudulent behaviour by lessees or lessors.

In 2016, the Central Bank of Nigeria (CBN) moved to repeal the ELA. The CBN believed that ELA conflicted with two other bills it was championing in the National Assembly: the Banks and Other Financial Institutions Act (BOFIA) and the Secured Transactions and Moveable Assets (STMA) Bill.[31]

ELAN and other affected stakeholders were however of a different opinion, they believed that repealing ELA would negatively affect the businesses of their members. Leasing transactions, under the CBN's new proposal, would have to be directly approved by the CBN, creating additional registration and administrative challenges to doing business in the sector. According to ELAN, the prevailing legal framework under ELA was sufficient and already supporting growth in the sector. The association also states that total volume of leasing per year had increased from N200 million in 2007 to more than N1 trillion in 2015[32]. Repeal of the ELA would therefore shake investor confidence and potentially bring about a downturn in the sector.

ELAN approached ENABLE2 to support its advocacy efforts to see ELA fully implemented and forestall a repeal of the ELA. ENABLE2 diagnostics found that although ELAN had prior advocacy experience, critical gaps remained. ENABLE2 identified the following areas to help ELAN improve its advocacy:

> Project Management – handholding to support ELAN plan and implement a targeted advocacy strategy. This was especially important as the timeframe within which the STMA Bill would get to third reading at the National Assembly was close and would mean a repeal of the ELA.

> Stakeholder Identification and Management – support to identify, categorise and plan effective actions for its allies, opposition and at the time neutral but influential entities such as the National Assembly Business Environment Roundtables (NASSBER) platform

> Coalition Building - engaging other advocacy organisation actors to support the advocacy; understanding the role of the National Assembly; and, engaging with the Nigerian Economic Summit Group (NESG) to drive the advocacy

> Improving ELAN capacity to effectively dialogue with CBN and other ministries, departments and agencies (MDAs)

[30] Discounted for ENABLE2 contribution
[31] STMA Act is also an Impact Reform for ENABLE2.
[32] ELAN Position Paper 2016

- Developing and implementing a media strategy and fundraising strategy to advance its advocacy
- Implementation support for the follow up activities related to decisions reached post-dialogue, focusing on the activities ELAN has to undertake and follow up with relevant MDAs
- IT technical support to understand the front and back end processes of the CBN National Collateral Registry and develop a budget to integrate the Leasing Registry with the CBN National Collateral Registry

ELAN established an advocacy subcommittee at board level tasked with bringing onboard leasing firms' CEOs to drive the advocacy and implement the advocacy plan. ELAN also partnered with the NASSBER platform to develop a position paper and memorandum, which they submitted to both the CBN and the House of Representatives' Committee on Trade. The House Committee reviewed the contents of BOFIA, ELA and the STMA Bill, in conjunction with submissions from other private sector actors. Their findings challenged CBN's key argument for the repeal of the ELA, highlighting instead its value to the Nigerian business environment. This marked a major victory for ELAN and validated their decision to invest additional resources in advocacy.

The advocacy team organised a stakeholder session with the CBN and other key ministries in October 2016. At the session, ELAN reiterated the challenges that repealing the ELA would bring to the sector, while highlighting the value the legislation brought to the business environment. In a display of its increased familiarity with the technicalities of the legal provisions, ELAN highlighted areas of BOFIA and the STMA Bill that could be harmonised with the ELA, thereby negating the need for repeal. With this, ELAN scored a second victory as CBN agreed with ELAN's position, committing to regular sharing of the transactions in the National Collateral Asset Register.

The significance of the results of this advocacy against an influential public institution were noted by the ELAN Executive Secretary Andrew Efurhievwe, *"Partnering with ENABLE2 has exposed ELAN to why we should continue to advocate. We were able to confidently make our case even though we were on the opposite side of a formidable government agency such as CBN."*

Formalising Agreement with the CBN

Based on the new agreement with the CBN and advice from ENABLE2 and Growth and Employment in States (GEMS3), ELAN supported CBN in advocating for the passage of the STMA Bill at the National Assembly. ELAN, now understanding the value of position papers, submitted its views to the House Committee and attended a public hearing on the STMA Bill in December 2016. Based on the successful public hearing, CBN, ELAN and other stakeholders agreed to work with the House of Representatives' Technical Committee on the development and integration of a National Collateral Registry (NCR), avoiding the need for repeal of the Equipment Leasing Act.

Benefits to Micro Enterprises

The continued existence of the Equipment Leasing Law will signal sustainability to the sector and continue to provide the benefits to enterprises that are enshrined in the law. ENABLE2 estimates that these continued benefits have allowed the sector to continue to grow. ELAN believe that 50% of sector growth is attributable to the new law. With an average growth rate of 17% since 2014. This equals approximately 93,000 additional micro-enterprises accessing equipment leasing by 2019 due to the ELA.

Next Steps

ELAN is currently advocating for the setup of a Leasing Regulatory Authority, a condition of full implementation of the ELA 2015. Despite forging an agreement with the CBN to avoid repealing the ELA, there still remains the technical work of sharing data between the National Collateral Registry and ELAN. A technical review put the cost of establishing a shared database at over $40,000. ELAN is unable to fund this activity without the support of a fully functional and funded Leasing Regulatory Authority. ELAN is currently canvassing for needed support from development banks and organisations like the International Finance Corporation for the set-up of the Leasing Regulatory Authority, demonstrating that their continued commitment to advocacy to achieve necessary reforms.

17. Passage of Secured Transactions in Movable Assets (STMA) Act 2017

Type of Reform	Legislative
Type of Benefits	Increased access to finance, reduced cost of borrowing, increased incomes
Date Achieved	May 2017
Partners Involved	NASSBER, NASME, QBWA
States location	Nationwide
Outreach Number	TBD
Number with Increased income 15%	TBD

Micro-enterprises account for over 90% of businesses in Nigeria, but form just 5% - or NGN 12.65 trillion – of deposit money banks' lending portfolio. They are excluded from credit markets by collateral requirements for costly assets such as land. In May 2017, the acting President Yemi Osinbajo signed into law the Secured Transactions in Moveable Assets (STMA) Act 2017.

The original impetus for the reform was a review in January 2015 of 54 Acts and 50 Bills regulating or seeking to regulate the business environment. The ensuing report identified the bill as one of 13 high priority bills, the passage of which was critical for a positive business environment in Nigeria. The initiative benefited from multi-stakeholder interest from the International Finance Corporation (IFC), the Central Bank of Nigeria (CBN), and the UK's Department for International Development (DfID), all of who have sought to improve Nigeria's *Doing Business* rankings by facilitating loans collateralised by moveable assets.

The review was validated by all stakeholders, and adopted as a working agenda by the National Assembly. The National Assembly Business Environment Roundtables (NASSBER), an ENABLE2 supported platform established in March 2016, prioritised the passage of this bill, bringing together all interested stakeholders and coordinating advocacy in the National Assembly.[33] NASSBER was established to facilitate increased interaction between the private sector and legislature on critical reforms. Existing legislative Committees worked with NASSBER's Technical Advisory Committee on a closer review and redrafting of the legislation. NASSBER's high profile led to an unusual degree of collaboration that saw the bill passed with very few obstacles.

The STMA Act established in law the National Collateral Registry, an online system that allows lenders to identify prior security interests over moveable collateral, and to signal their security over the property to any future lenders. MSMEs are prevented from taking out multiple loans on the same item, as the initial lender's priority can be discovered with a simple search. Providing increased security to lenders, it is hoped, will reduce their reluctance to lend to MSMEs, who, while in urgent need of funds, are not always reliable debtors.

IFC reports a global average increase of 8% in lending to MSMEs through collateral registry interventions. In Nigeria, this translates into just over NGN 1 trillion more in MSME lending. Given the significance of the law for MSMEs, it is important that the implementation process does not lose momentum. We are encouraged by CBN's considerable investment in the initiative, which included funding advertising campaigns and conducting its own effective advocacy in the National Assembly.

[33] See National Assembly Business Environment Roundtable case study for more information.