

Business Environment Fact Sheet:

How geopolitical zones and states compare to one another

The performance of geopolitical zones and states on the respective benchmarks and measures is summarised as follows

Table 1: Summary of business environment performance of geopolitical zones and states

Benchmark/Measure	Highest performing geopolitical zone	Lowest performing geopolitical zone	Highest performing state(s)	Lowest performing state(s)
Business Environment Index	South-West	North-East	Abuja FCT	Zamfara
Infrastructure and Utilities benchmark	South-West	North-West	Delta	Kebbi
Energy	South-West	North-West	Osun	Plateau
Water Supply	South-West	South-East	Ogun	Taraba
Access to Information	South-West	North-West	Anambra, Abuja FCT	Yobe
Transportation	North-East	North-West	Imo, Gombe, Edo	Zamfara, Kebbi
Social Infrastructure	South-West	North-West	Oyo	Zamfara
Regulatory services benchmark	North-Central	North-East	Abuja FCT	Zamfara
Business Registration	South-South	North-East	Rivers	Zamfara, Yobe, Sokoto, Kogi, Gombe
Taxes and Fees	North-East	South-West	Benue, Adamawa	Delta, Anambra
Commercial Dispute Resolution	South-West	North-East	Abuja FCT	Edo
Lang Registration	North-Central	South-South	Abuja FCT	Zamfara, Rivers
Fiscal Management and public procurement	North-West	North-East	Kwara, Kaduna, Jigawa	Yobe, Taraba, Rivers, Oyo, Gombe, Borno
Business Development Support and Investment Promotion benchmark	South-South	North-East	Lagos	Kebbi
Entrepreneurship Promotion	South-West	North-West	Oyo, Ondo, Lagos	Zamfara, Sokoto, Kogi, Kebbi, Benue, Bayelsa
Access to Finance	South-West	North-East	Lagos, Abuja FCT	Ebonyi, Bayelsa
Investment Promotion	South-West	North-East	Cross River	Kebbi, Bayelsa, Bauchi, Abia
Support for Industrial Parks	South-East	North-East	Lagos, Kano, Cross River	Zamfara, Taraba, Plateau, Osun, Kogi, Kebbi, Jigawa, Bayelsa, Akwa-Ibom, Adamawa
Public-Private partnership	North-East	North-Central, South-East, South-West	Kano, Bayelsa, Borno, Adamawa	All the other states
Security benchmark	North-West	South-South	Kogi	Bayelsa
Major Crimes	North-West	South-South	Ekiti	Bayelsa, Cross River,

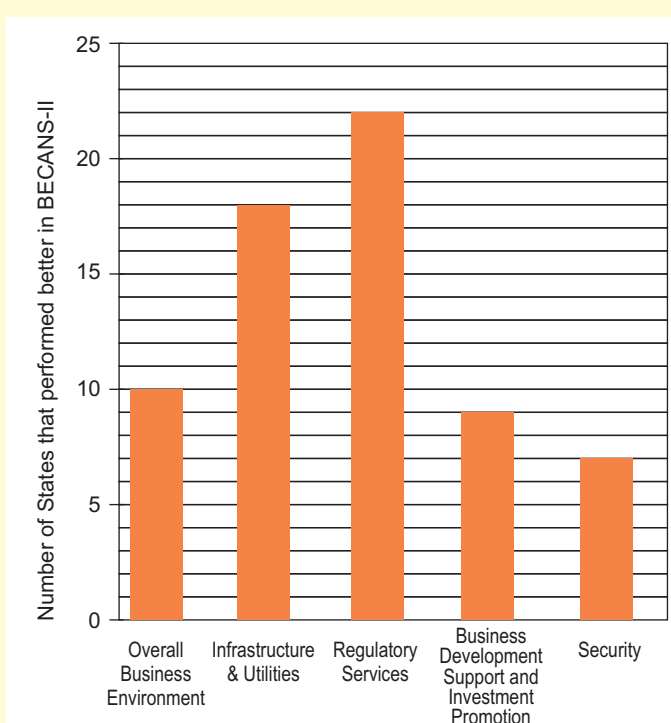
Improvements in Business Environment Performance

Beneath the aggregate business environment index are some state-level scenarios that need to be spotlighted. This spotlight shows examples of improvements since the first cycle of BECANS (BECANS-I). Table 2 gives the states that have shown improvements and the spheres of business environment where they have improved.

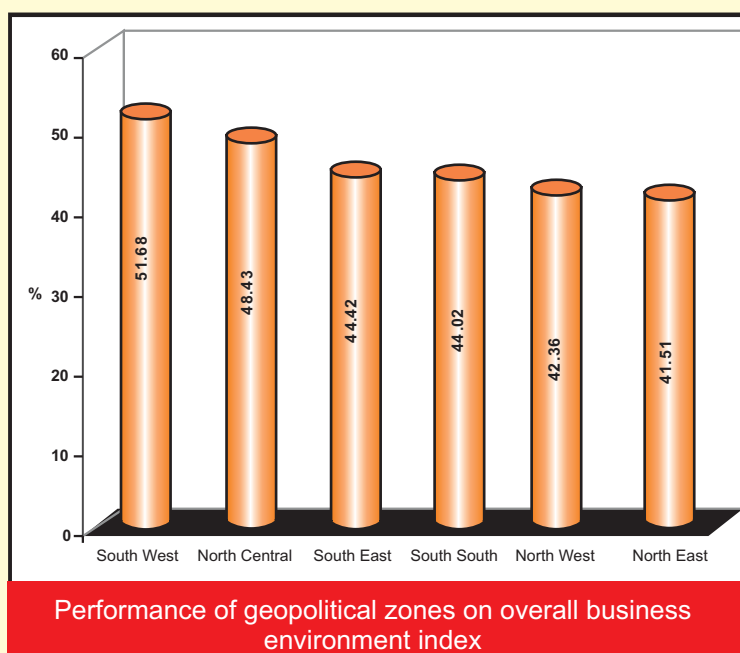
Table 2: States that Improved compared to BECANS-I

Business Environment Index Category	States that Improved since BECANS-I (2007)	Number of States
Overall Business Environment Index	Borno, Anambra, Enugu, Osun, Oyo, Ekiti, Ondo, Nasarawa, Kogi and Kwara.	10
Infrastructure and Utilities	Adamawa, Borno, Gombe, Yobe, Imo, Anambra, Osun, Oyo, Lagos, Ondo, Nasarawa, Abuja FCT, Kogi, Kwara, Edo, Akwa-Ibom, Delta and Ebonyi.	18
Regulatory Services	Adamawa, Bauchi, Borno, Yobe, Abia, Anambra, Ebonyi, Enugu, Ekiti, Plateau, Niger, Nasarawa, Abuja FCT, Benue, Kogi, Kwara, Kebbi, Zamfara, Jigawa, Kaduna, Kano and Bayelsa.	22
Business Development Support and Investment Promotion	Borno, Taraba, Yobe, Anambra, Oyo, Ekiti, Ondo, Nasarawa and Katsina.	9
Security	Anambra, Ekiti, Ondo, Nasarawa, Benue and Jigawa.	6

Table 2 underscores the value of looking beneath the aggregate business environment index, through disaggregation to the state-level. Though the aggregative business index did not improve since 2007, many states have witnessed some improvements. The distribution of states and Abuja FCT in terms of improved performance in BECANS-II is illustrated in the figure below.



Number of States with improved performance in BECANS-II



With respect to individual states, Anambra and Nassarawas states recorded improvements in the overall business environment index and throughout all the four business environment benchmarks. Borno State improved both on the overall business environment index and in three out of the four business environment benchmarks. Abuja FCT, Bayelsa, Ebonyi, Niger, Jigawa and Zamfara States are among those which improved on regulatory services.

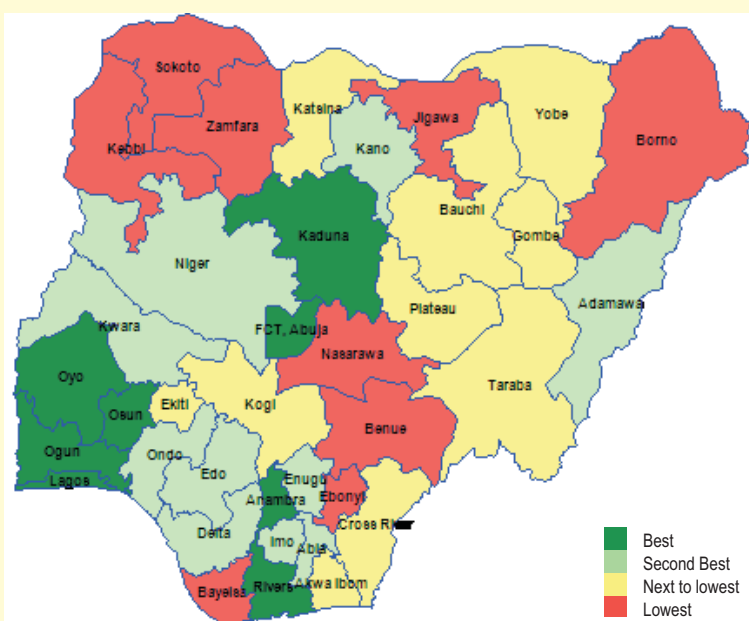
Anambra and Nassarawas states recorded improvements in the overall business environment index and across all four business environment benchmarks.

Policy Lessons

Like BECANS-I, evidence shows that Nigerian states differ considerably with regard to the quality of the business environment. This finding corresponds also with results of comparable state-level assessments. The improvements made by some states reflect policy and institutional reforms since 2007.

No state or zone is the best-performing across all benchmarks, measures and indicators; neither is any state or zone the least-performing all-round.

The comparison of performance between BECANS I & II reveals the critical value in establishing objective basis for measuring the quality of business environment across the states and Abuja FCT over time. Given that the performance of states and Abuja FCT is asymmetrical (that is, not uniform) across the three levels of measurement - benchmarks, measures and indicators, the key lesson is that states have different strengths and weaknesses. No state or zone is the best-performing all-round (that is, across all benchmarks, measures and indicators); neither is any state or zone the least-performing all-round.



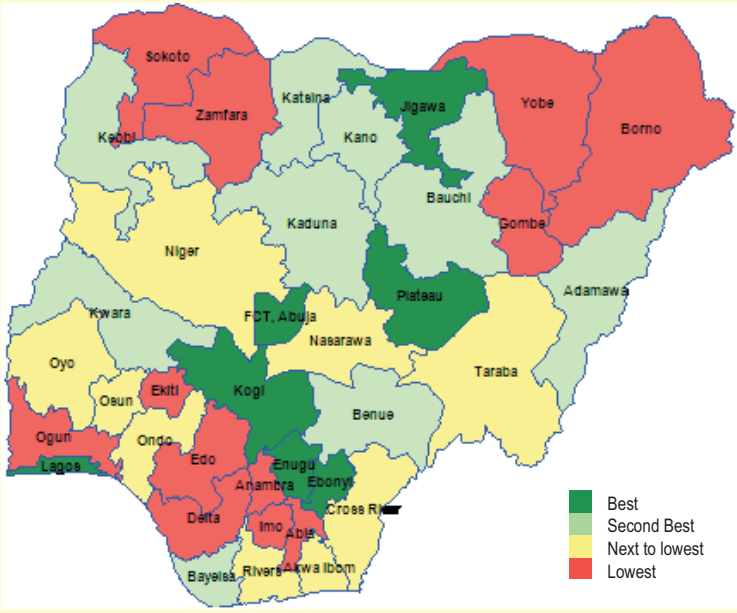
The results have shown common areas of strengths and weaknesses across the states and regions. Among the common challenges across the states are energy, transportation, land registration, fiscal transparency and public procurement, support for industrial parks and public-private partnership.

The wide disparity between states in performance across the benchmarks and measures indicate a large scope for mutual learning, particularly in the areas of Land registration, Commercial Dispute Resolution and Entrepreneurship Promotion. Also, the uneven performance across states implies that federal government's reforms to foster business

environment improvements will have the maximum impact only if they are complemented by context-specific state governments' reforms.

If every state performed at the level of the highest scoring state across the respective measures under Regulatory Services, the all-states average score would jump from 45.48% to 79.17%. This analogy reveals that a better business environment could be achieved if states were to implement reforms based upon learning from others.

If the good performances observed in some states were to be replicated by others, the business environment would be significantly brightened. Hypothetically, if all states were to perform at the level indicated by the best performing state across all the benchmarks, the all-states average performance on the business environment index would jump from 45.43% to 68.45%. In the same vein, if every state performed at the level of the highest scoring state across the respective measures under Infrastructure and Utilities, the all-states average score would jump from 51.06% to 88.64%.

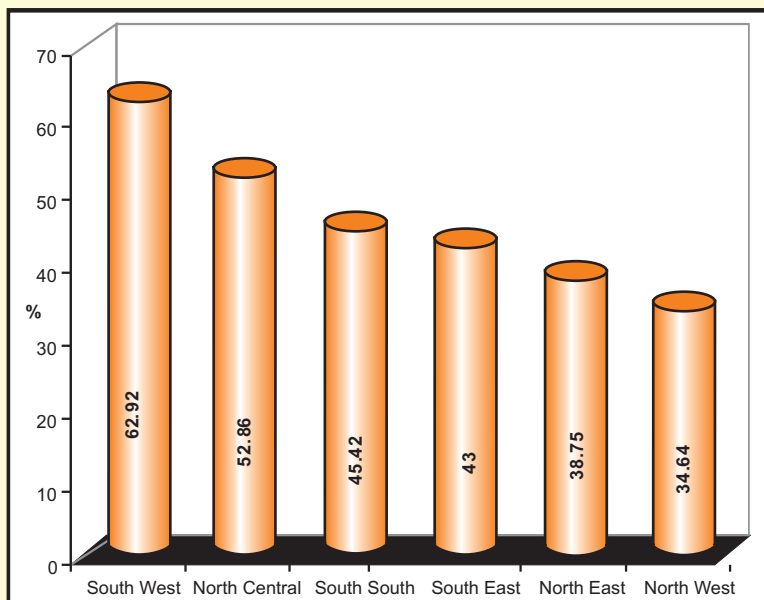


Performance of 36 states and Abuja FCT on Regulatory Services

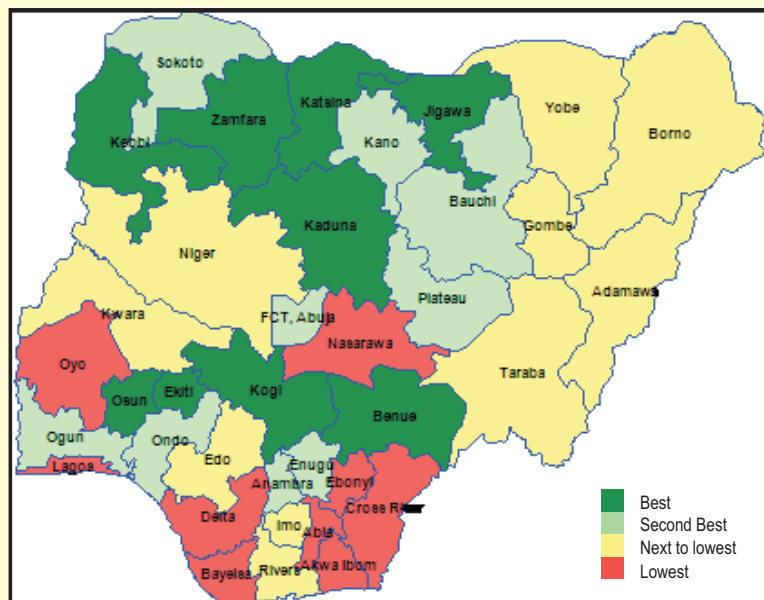
Furthermore, if every state performed at the level of the highest scoring state across the respective measures under Regulatory Services, the all-states average score would jump from 45.48% to 79.17%. Applying the same logic to Business Development Support and Investment Promotion, the all-states average score would jump from 33.48% to 80.67%; and then from 49.43% to 94.17% with respect to Security. This analogy reveals that a better business environment could be achieved if states were to implement reforms based upon learning from others.

	Overall Business Environment Index	Infrastructure and Utilities	Regulatory Services	Business Development Support and Investment Promotion	Security
States					
Abia					
Abuja-FCT					
Adamawa					
Akwa Ibom					
Anambra					
Bauchi					
Bayelsa					
Benue					
Borno					
Cross River					
Delta					
Ebonyi					
Edo					
Ekiti					
Enugu					
Gombe					
Imo					
Jigawa					
Kaduna					
Kano					
Katsina					
Kebbi					
Kogi					
Kwara					
Lagos					
Nasarawa					
Niger					
Ogun					
Ondo					
Osun					
Oyo					
Plateau					
Rivers					
Sokoto					
Taraba					
Yobe					
Zamfara					

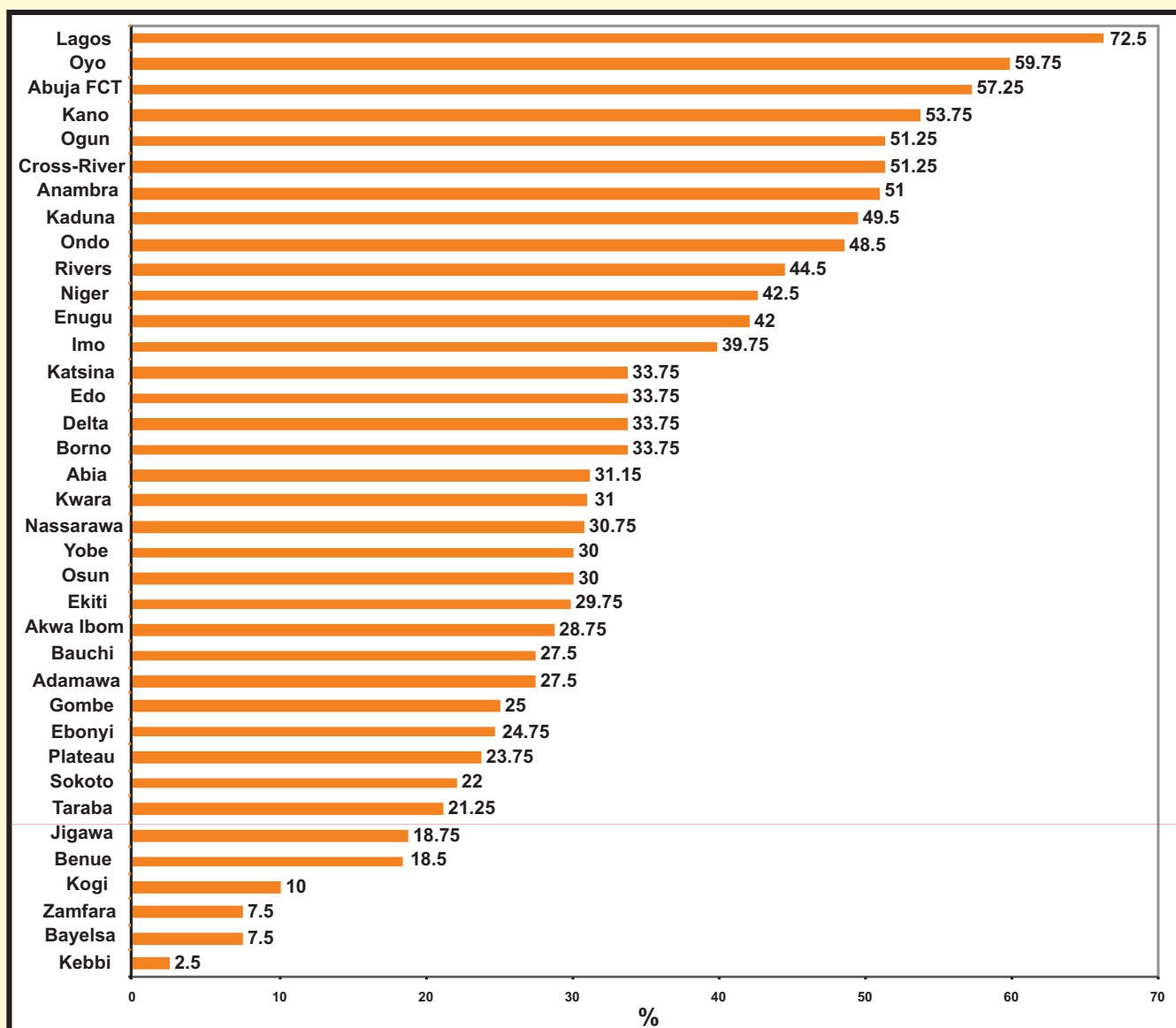
States and their various improvements in the Business Environment



Performance of geopolitical zones on energy



Performance of 36 states and Abuja FCT on Major Crimes (crime with violence)



Ranking of states based on performance on business development support and investment promotion

This Brief is drawn from the larger and more comprehensive Report: *Business Environment in Nigerian States 2010- Tackling the Security Challenge*. It is a product of research under the BECANS programme of the African Institute for Applied Economics.

September, 2010

African Institute for Applied Economics
128 Park Avenue, GRA,
P.O. Box 2147 Enugu, NIGERIA
Phone: 08039115606 Fax: (042) 256035
Email: info@aiaenigeria.org www.aiaenigeria.org

