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SmartLessons

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Data Collection at the Subnational Level: Lessons from Nigeria, Africa's Giant

Benchmarking local commercial regulations and their enforcement is useful, not only for assessing the impact of government rule making and monitoring the evolution of the regulatory environment, but also for stimulating public debate on policy design as well as fostering competition to reform. Producing a rigorous set of primary quantitative micro data can be challenging even in the best of circumstances. Imagine what the task is like when attempting to reach even the remotest corners of Nigeria to benchmark local business regulations and their enforcement across 36 states and the federal capital, Abuja. With such a vast territory to cover, there was a lot to be learned, including securing local buy-in, maintaining flexibility, and building a team on the ground—some of it along the way.

Background

Doing Business studies business regulations from the perspective of a small- to medium-size firm and compares regulatory practices across 183 economies. The report is based on standardized case scenarios, such as the business being located in the largest business city. Subnational *Doing Business* reports extend that analysis beyond a country's most populous city. In addition to capturing differences in business regulations and their enforcement across locations within the same country, the reports also rank locations and recommend reforms to improve the ease of doing business in selected areas at the local level.

Doing Business in Nigeria 2010 is the second subnational study analyzing business regulation in Nigerian states, and the first to assess the ease of doing business in all 36 states and Abuja. The report benchmarked four regulatory areas: starting a business, dealing with construction permits, registering property, and enforcing contracts. Surveys for each topic were customized to include local terminology, names of the relevant laws, local institutions, and other specific legal and economic

information to ensure local understanding and acceptance. Then the surveys were administered to local private professionals with significant and routine experience in the transaction covered by each *Doing Business* topic.

The project rollout, which started in February 2009, was a massive undertaking. It required a countrywide research of laws and regulations in the four areas measured, identification of qualified respondents in all 37 Nigerian jurisdictions, survey administration, data collection and validation; and analysis of main findings—all within one year. The lack of institutional capacity at the local level and the poor state of infrastructure services in some areas (such as telephone, internet, and transportation) did not make the task any easier. We had to take a deep breath and look for creative solutions.

The lessons below describe the steps we took to overcome these challenges and design an efficient data collection process.

Lessons Learned

1) In the absence of a reliable countrywide telecommunications infrastructure, build a team presence on the ground and build local capacity.

On a practical level, the *Doing Business* standard model of data collection (long-distance surveying by phone or e-mail) would not have worked in Nigeria due to the lack of a reliable infrastructure such as telephone lines and Internet service. Moreover, knowledge transfer and local capacity building constituted one of the goals of the project. The solution was to hire and train local consultants who could be in charge of data collection.

We launched our recruitment campaign via the World Bank Abuja office, universities, and word-of-mouth. When six Nigerian consultants joined the team, it almost doubled in size. During the first visit to Abuja, a two-day training session was organized to familiarize the new team members with the *Doing Business* methodology and survey techniques. The local team was then able to manage the administration of the surveys and act as liaison between the respondents and the Washington-based team analyzing the data.

The states were grouped into six regions, each of which was assigned to a local team member. To ensure the quality and consistency of collected data, the consultants were given the following tasks:

- *Contact the respondents and assess their expertise and willingness to participate in the study.*
- *Familiarize the respondents with the Doing Business methodology.*
- *Collect information through face-to-face or telephone interviews, using the subnational Doing Business surveys on each of the four regulatory areas.*
- *Do a first-quality check of collected data to ensure consistency.*
- *Submit all completed surveys to the Washington team members in charge of each regulatory area.*
- *Be available for any follow-up questions and interactions with local respondents, and ensure that satisfactory answers to all inquiries are obtained.*

The training of the local team members continued throughout the project, whenever necessary, by telephone, e-mail, or in person.

2) Trust but verify... and be prepared to adjust course in midstream.

The project's implementation was dependent on the local team members' skills, knowledge, and motivation. As soon as they finished data collection in a state, local consultants were asked to submit the results for verification to the four Washington colleagues who were responsible for each topic.

Halfway through the project, it became evident that three consultants were not delivering results as expected. Incomplete information, lack of detailed explanations, inconsistencies across states, unsatisfactory clarification of follow-up questions, and response delays were, among others, the main reasons why the three team members did not meet quality standards required by the *Doing Business* team.

Because any issues in the data collection process would have had a negative impact on the project timeline and outcomes, the team had to regroup. To preserve continuity, the consultants who were performing well were first asked to support their colleagues. After the first data collection round was completed in all six regions, we decided to keep only the three team members who proved to be effective data collectors, and to increase their responsibilities and involvement in the project. The result was an improvement in the quality and consistency of feedback received countrywide during the data clarification round. After the findings are made public, the three remaining team members would have the chance to play an important role in follow-up activities, such as conducting peer-to-peer learning sessions in various states and handling technical assistance requests from local governments.

What we learned from this experience was that it is important to check the quality of the consultants' deliverables frequently and reward good performance with increased involvement and responsibilities.

3) Involve the public sector early on to validate your findings and get buy-in.

Although *Doing Business* surveys rely mostly on data coming from private-sector experts, involving local government officials in the survey process is critical. It promotes understanding of *Doing Business* methodology, creates ownership of the project results, and increases the government's determination to reform.

After one round of data collection and verification, the Nigeria *Doing Business* team met with more than 200 officials from the federal and state governments and, on a confidential



Right of Reply consultation in Kano State, Nigeria

basis, shared the preliminary results with them. During the data review sessions, the local officials provided valuable feedback, including fee schedules, copies of relevant regulations, and information about recent or ongoing reforms in their jurisdictions.

The state governments welcomed the review period, which established a deeper dialogue between the World Bank Group and local officials. Ogun, the lowest ranked state in the 2008 report, sent the largest delegation to the review meetings and provided extensive feedback on recent efforts to improve the state's business climate. This illustrated one of the strengths of the subnational *Doing Business* benchmarking: It motivates reforms.

4) Choose the right partner: focus on substance first and on simplicity of administration second.

Doing Business in Nigeria 2010 was the first study with the goal of covering every state in the country. This posed particular challenges in identifying, even in the remotest areas, more than 200 respondents capable of and willing to participate in the questionnaire survey. Therefore, prior to starting the subnational project, the team contacted a number of business associations and research centers, which recommended their members or branches in the 36 states and the capital as participants in the survey. We selected the Nigerian Bar Association (NBA) because it had the necessary network to identify potential respondents in each of the 36 states and the capital and is well respected within Nigerian society, with a good track record in the execution of its mandates. Moreover, identifying and signing more than 200 different contracts with individual respondents would have exponentially increased our administrative hassles, making the project unmanageable. The decision to work with a single coordinating organization with an established nationwide network of respondents brought tremendous administrative efficiency to the project.

The respondents that the NBA provided were mostly lawyers, and it became increasingly clear that they simply did not have enough technical knowledge to answer the “dealing with construction permits” survey. Despite all efforts, the data for this indicator were not robust, even after several rounds of data collection and verification. Because of the number of outliers and incomplete information found, we concluded that we needed an additional round of data collection for this area. This required the identification and recruitment of additional respondents, a step not included in the initial project design. As a consequence, data collection took a couple of months longer than planned in order to make the necessary adjustments.

The team renegotiated the contract with the NBA to reflect the partial submission of deliverables and engaged the services of members from the Nigerian Institute of Architects (NIA) to cover this regulatory area instead. The NIA was in a unique position to identify and liaise with construction experts in all 36 Nigerian states and Abuja. The newly identified respondents were known practitioners in the area with regular exposure to the



Validating preliminary results with government officials in Abuja, September 2009.

legal and administrative systems and had the necessary expertise to respond to the “dealing with construction permits” survey. As a result, the response speed and the quality of feedback received improved significantly. The team was able to finalize the data and proceed with the analysis of the findings.

When choosing a partner, there is a temptation to choose one partner to handle the whole assignment. It makes administering the survey much easier. However, that single partner may not be able to handle all the thematic areas, and this will lead to delays down the road.

5) Engage the support of your World Bank Group (WBG) colleagues to manage relations on the ground and maximize project outreach.

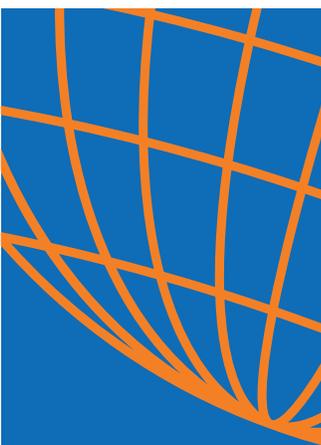
A close collaboration within the WBG was key to successful project implementation. While the Washington-based team was in charge of the technical side of data collection and analysis, the Abuja World Bank office played an active role in managing relations on the ground. Not only did it provide contractual and administrative support to the project consultants and partner organizations (such as the NBA and NIA) on the ground, but it also helped with local policy dialogue. The regional Investment Climate team played a critical role overseeing the project, leveraging funding and positioning this study in the context of the Nigeria Subnational Investment Climate Program, a partnership among the government, the U.K. Department for International Development, and the WBG that supports state governments in improving their business environments.

Although the team managed to achieve broad-based dialogue and support for the study at the state level, the absence of a specific federal government coordinator proved to be a big challenge. As evidenced from other subnational *Doing Business* projects, the report's success is linked to how deeply the federal government is involved in the project. In the implementation phase, the federal government plays a key role as the link between the WBG and state governments. For the follow-up phase, the

federal government acts as a catalyst for reforms among the states. To address this situation, the local World Bank office asked the Ministry of Finance of Nigeria for its support in organizing and officiating the meetings with state governments during the data verification phase. The designated counterpart at the Ministry of Finance played an active role in inviting the state governments to the six regional meetings organized to review the preliminary data. This ensured a high level of attendance by local public officials, who provided valuable feedback on the preliminary data and information about ongoing reforms in their states.

Conclusion

Mapping out Nigeria's regulatory environment proved challenging; yet the results are worthwhile. The project's findings will identify regulatory bottlenecks and local good practices, disseminate information on international best practices, and provide critical information for reform design and tracking of implementation progress. By highlighting local differences in business regulations and enforcement within Nigeria, the report promotes peer-to-peer learning and fosters competition to reform among the states.



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