SCOPING STUDY OF THE ONE STOP SERVICE CENTRE (OSSC) OF ANAMBRA STATE INVESTMENT PROMOTION AND PROTECTION AGENCY (ANSIPPA)

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Executive Summary

The **World Bank (2010) listed Anambra State as one of the most difficult states in Nigeria in which to do business.** Specifically, Anambra was ranked the third most difficult state for the ease of doing business in Nigeria. In the 2014 round of assessments by the World Bank (2014), the State did not make any remarkable progress, as it was still rated one of the worst two performing states with respect to business environment reforms in Nigeria. Determined to reverse this negative status and to grow its economy and improve development opportunities and quality of life of its residents, the state decided on an action plan. This culminated in the establishment of the Anambra State Investment Promotion and Protection Agency (ANSIPPA) with its One-Stop Service Center (OSSC).

This case study was commissioned by the Learning, Evidencing and Advocacy Partnership (LEAP) to evaluate the One Stop Service Centre (OSSC) of Anambra State Investment Promotion and Protection Agency (ANSIPPA) with the objective of providing a well-rounded narrative of ANSIPPA's OSSC. The study used mostly qualitative data from interviews and secondary data from literature reviews.

ANSIPPA was set up in 2014 with the vision of making Anambra State the first-choice investment destination in Nigeria, and the mission of attracting investors to the state's four priority economic sectors (Agriculture, Industry, Trade and Commerce, and Oil and Gas). The strategic targets of the Agency are to: attract a minimum of US$2.0bn worth of investments annually until 2018; attain top 5 ranking in the World Bank's "Doing Business Report in Nigeria" by 2017; and secure strategic partnerships and cross border value-oriented relationships with sub-national governments and educational institutions. To achieve these targets, ANSIPPA – immediately after its inauguration – incorporated a One Stop Shop model for all investment decisions. The One Stop Service Centre makes investment registration quicker, simpler, and more efficient, and gives better coordination and service delivery between investors and the various government Ministries, Departments and Agencies (MDAs).

Available reports show that the ANSIPPA, through its OSSC, attracted over US$3.0 billion worth of investments from 28 major investors within two years of its establishment, with over US$2.2 billion already committed as of Dec. 2016. (A more in-depth study would be needed to assess how much of this investment might have been attracted without the intervention, i.e. the counterfactual.) A closer look at the distribution of the investments across sectors shows that though housing and agriculture had a larger share of the attracted investments with 36% and 25% of the total investment respectively, the mission of attracting investments to the state's 4 pillars was achieved. It is worth underscoring that 46% of investors are non-indigenes of Anambra state (with a larger share – more than 70% –coming from foreign investors). Anambra state indigenes still dominate the investment climate and that perhaps questions the level to which the State is accommodative of non-indigenous/non-domestic direct investments.

This study further reveals that factors propelling the apparent success story include a well-articulated structure, a strong legal foundation, tax waivers for investors, provision of infrastructure, security for the investments, a highly professional management team, strong backing from the incumbent government, and learning by doing through monitoring and evaluation. However, some factors like high demand for land (which is already scarce in the state), land erosion, political agitation/instability in the country, and lack of office space pose threats to the sustainability of the initiative.

Introduction

Background

The ability to attract and secure investment into territories and to ensure a conducive environment for business activities is not just a critical component of economic management, but is also a public good. Revenue from businesses may be used to improve service delivery, fund social welfare programmes, and ensure better fiscal health through the servicing of debts or reinvestment.

The ease at which private sector players and individuals are able to carry out their commercial activities and generate wealth securely is also indicative of economic competitiveness. With the increased interconnectedness of global markets, country and sub-national comparative rankings of the ease of doing business have become more important references for both proactive states and potential investors. Indicators may vary from one survey to another, however most measures consider the laws, regulations, and processes that are overseen by public authorities, as well as fiscal and monetary policies.

As the term “ease” suggests, evaluations typically consider the experience of carrying out particular activities needed to start up, run, and profit from a business or investment. Some activities require regulation and direct interventions by government, such registering a business or property, gaining permits, getting electricity, and paying taxes. Other variables involve interaction with other players, including access to credit, trading across borders, enforcing contracts, and resolving insolvency. More broadly, a favourable business environment also depends on the structures governing market entry and share.

There is growing interest and prioritisation of the importance of addressing business environment challenges in Nigeria. This is partly in response to growing concerns of the economy’s over-dependence on a singular, resource-based revenue stream – namely crude oil and petroleum products – which is susceptible to global market prices and its volatilities, as well as rent-seeking activities. Both attempts to diversify, and reaction to Nigeria's poor international competitiveness rankings, strengthen the imperative for business environment reforms. Some recent notable responses at the federal and national level include:

The Presidential Enabling Business Environment Council (PEBEC), a national intergovernmental body set up to address bureaucratic constraints in July 2016;

The convening of Presidential Quarterly Business Forums, chaired by the Vice President, to engage private sector in debates and agenda setting, under the Buhari administration;

The signing of two Executive Orders in May 2017 to encourage local manufacturing and reduce bottlenecks.

Nigeria’s move 24 places up in the World Bank’s recently published “Doing Business” 2018 report is one indication of the early effects of these steps. Multiple states have also embarked on similar initiatives, building on the existing models and developing alternatives of their own.

This case study report examines the initiatives of Anambra State in the South-East of Nigeria, which has made notable progress in securing investments through a business-friendly environment approach.

Objectives and Research Questions

The main objective of this study is to analyse the rationale, process of establishing, and effectiveness of ANSIPPA's One Stop Service Centre (OSSC). This includes identifying the factors leading to ANSIPPA's establishment and its associated regulatory and institutional reforms. The study aims to assess how successful the reform has been and why, and to draw wider lessons for Public Sector Reform (PSR) and business environment improvement initiatives in Nigeria.

Addressing the above objectives, the case study provides answers to the following research questions:

1. How does ANSIPPA/OSSC function and how does it differ from past practices?
2. What key governance and operational reforms enable OSSC to function in the way that it does?
3. What key governance and operational reforms enable OSSC to function in the way that it does?
4. What factors have enabled or constrained ANSIPPA/OSSC's performance in investment promotion and protection?
5. What has been the role of evidence, learning and adaptation in guiding, delivery, management, and development of OSSC?
6. What lessons can be drawn from ANSIPPA/OSSC as a business environment reform initiative?

By investigating the forgoing, the analysis identified the following:

a) The factors that led to the establishment of ANSIPPA's One-Stop Service Centre, and the challenges it addresses as well as faces;

b) The regulations or legislations that support its mandate, when they were established, and their sustainability;

c) The investment challenges faced by the government of Anambra State before the establishment of OSSC and to what extent, and how, the OSSC has helped in addressing them;

d) The extent to which the OSSC was responsible for changes in investment and business environment in the state;

e) How ANSIPPA has managed to deal with wider issues that affect the ease of doing business in Anambra such as security, infrastructure, land administration, tax, and the regulatory environment;

f) The role played by evidence in establishing, evaluating, and modifying the ANSIPPA One-Stop Service Centre reform;

g) Foundational and supporting reforms required for an effective one-stop shop for investment;

h) Critical entry points, opportunities, and challenges that other states should take into consideration when setting up similar facilities; and

i) How ANSIPPA/OSSC's approach compares with national frameworks and guidelines developed by the Presidential Enabling Business Environment Council (PEBEC).

Approach

To undertake this research, qualitative data was gathered through interviews and existing literature. The first stage of the approach was to conduct a desk review and contextual analysis of the historical, legal, regulatory, and institutional aspects of the investment policy space in Anambra State before and after the establishment of ANSIPPA.

The second stage of the approach was to interview ANSIPPA and OSSC stakeholders. The interviewees selected were individuals that were either involved in the reform and/or have engaged substantively with ANSIPPA and OSSC. The ANSIPPA database of clients and the list of Ministries, Departments, and Agencies (MDAs) they have worked with provided the contacts for potential interviewees. The interviews were conducted through face-to-face or telephone interactions, following an approved interview guide. The data was recorded both manually and electronically. The respondents include four top ANSIPPA/OSSC officials; four representatives from key MDAs that work with ANSIPPA/OSSC; and 22 past and present clients of ANSIPPA that have engaged with the OSSC. Out of these respondents, 15 of the investors were interviewed through telephone; the rest of the interviews were conducted in person. The research team also conducted interviews beyond investors in ANSIPPA's list of success stories. These include three prospective investors that engaged with the OSSC process but did not follow through with their proposed investments as well as potential clients and other major stakeholders in Anambra's improved business environment, including industrial and business associations.

The Emergence of ANSIPPA in Anambra

Anambra's Poor Performance in Comparative Business Rankings

Prior to 2014, Anambra State's investment and business climate was poorly ranked by two independent periodic reports, namely the "Business Environment and Competitiveness across the Nigerian States" (BECANS, 2010), published by African Heritage Institution, and "Doing Business in Nigeria 2014" report, published by the World Bank. In the BECANS report, Anambra State scored 44.3% in the overall business environment index, ranking 26 out of the 36 states and Federal Capital Territory (FCT), Abuja. In the World Bank 2014 Doing Business in Nigeria survey report, Anambra State was ranked among the least improved states on their business regulatory environment position of 2010, ranking 32, 30, 28, and 23 out of the 36 states and the FCT with respect to the ease of registering property, enforcing contract, dealing with construction permit, and starting a business respectively.

Table 1: Comparing Average Timelines for Business-related Permits & Permissions in Nigeria

Timelines in Anambra	Other States
30 days to obtain a building plan approval	7 days in Ogun
181 days to obtain Governor's consent	15 days in Taraba
14 days to register Deed of Assignment at Land Registry	1 day in Bayelsa
16 days to register a company at CAC	5 days in Gombe
212 days to register a property	23 days in Jigawa
600 days to enforce contracts	291 days in Kaduna

Both assessments placed Anambra in the bottom fifth percentile of Nigeria's 36 states, with the state scoring poorly against the World Bank's four key indicators, namely starting a business, dealing with permits, registering property and enforcing contracts.

Other Factors Enabling the Establishment of ANSIPPA

Beyond Anambra's poor ranking in independent business environment assessments, other factors contributed to the prioritisation of an enabling business environment in its political and policy space. With the constrained fiscal space resulting from plummeting federal allocations, the government of Anambra State saw the need to look inwards to generate revenue. This led it to shift its focus to economic and fiscal diversification through the development of an investment climate agenda that is simple, transparent, efficient, and removing more typical bottlenecks.

This goal was also inspired by the need to come up with a more robust strategy for ensuring infrastructural development that is linked to improving the business investment climate and the creation of jobs, given broader issues around violent crimes including armed robbery, kidnapping, and growing cases of drug-related crimes. There was therefore a strong need to spur government action in a manner that would promote and protect investors and investments.

A strong economic development agenda was required to get the State back on an upward track, address its development challenges, and reduce its dependency on federal budget allocations. Other states, notably Lagos and Benue states, had already demonstrated viable alternative pathways to revenue generation through increased internally generated revenue (IGR), public private partnerships (PPPs) and by developing their investment portfolios. This agenda was largely captured in the Anambra State Strategic Economic Blueprint (2014), which indicated four pillars of economic development as agriculture, industrialization, trade and commerce, and oil and gas. These four economic pillars are supported by enablers such as security, education, health, environment, youth and sports, transportation infrastructure, housing and urban planning, women and children.

With fiscal limitations on the public funds, external resources were required in order to implement Anambra's ambitious agenda. This pointed to a more supportive business and investment environment.

ANSIPPA as a Policy Response

In light of this poor performance and the deteriorating fiscal position in Nigeria, the government of Anambra State saw the need to improve its business environment and to cultivate an attractive investment climate. This culminated in the establishment of the Anambra State Investment Promotion and Protection Agency (ANSIPPA).

ANSIPPA was formally established in May 2014, following its inauguration by the Governor of Anambra State, Chief Willie Obiano. He assented to the bill establishing the ANSIPPA just about one month after assuming office. ANSIPPA was the first reform embarked on by the Obiano administration because of the government's belief in the Agency as a strategic and key component of the State's economic development.

ANSIPPA was set up in 2014 through an Act of the State House of Assembly titled "Anambra State Investment Promotion and Protection Law No. 0381-1899". Its objective was to ensure better coordination and service delivery to investors (local and foreign) by various government ministries, departments and agencies (MDAs).

In order to effectively achieve this goal, the following targets were set:

- To attract a minimum of US$2.0b worth of investments annually until 2018;
- To attain top 5 ranking in the World Bank's "Doing Business Report in Nigeria by 2017";
- To secure strategic partnerships and cross border value-oriented relationships with sub-national governments and educational institutions.

Unlike some other policies and programmes, the decision-making process for the establishment of ANSIPPA was smooth. This was due, in part, not only to the clarity in articulation and communication of the reform initiative, but also to the fact that the reform was an initiative driven by the Governor himself and had his political support. It was viewed as a reform initiative to provide guidance and assurance to both local and foreign investors by ensuring that the process of initiating and doing business in the state was streamlined and efficient. There were no noticeable dissenting voices against its establishment and the legislative process of enacting an enabling law to back up the establishment of ANSIPPA was smooth.

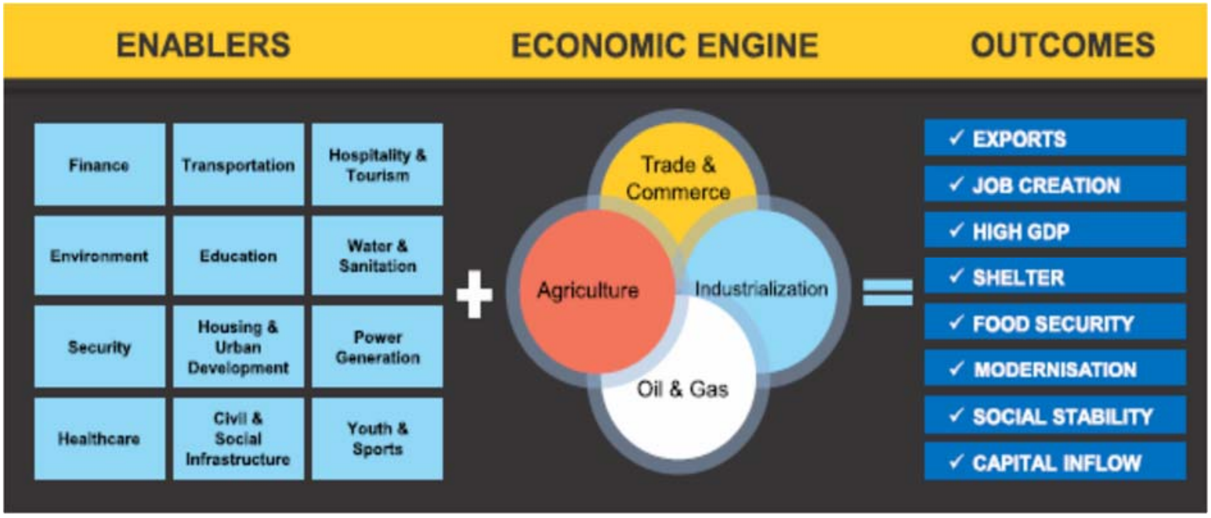
How ANSIPPA Works

ANSIPPA's Approach to Investment Promotion

ANSIPPA serves as an investment driver and a special purpose vehicle for realizing Anambra State Strategic Economic Blueprint (2014) and its four pillars of economic development: agriculture, industrialization, trade and commerce, and oil and gas. ANSIPPA is mandated to attract investments and fast tracking the process of investing in Anambra State. It is the catalyst of the State's growing reputation as a destination for investments in Nigeria.

In pursuing its investment promotion and protection objectives (attract, promote, manage and protect investments in the state), ANSIPPA identifies (in no particular order) the key areas of interest as contained in Figure 1, for investment and partnership with both local and foreign investors. These are international cargo and refuelling airport; tourist resort and theme park; industrial and technology park; intra-city light rail system; waste management; agriculture, health, education and logistics; hospitality (name-brand hotels) and mall projects; power generation; public water works; housing and estate development; new city development; and GIS solution for land allocation, registration and revenue.

Figure 1: The Economic Equation of Anambra State



Source: ANSIPPA Marketing Brochure

To ensure both high-level coordination and cross-cutting links across government agencies, ANSIPPA was not subsumed under any one ministry but retained its autonomy as an entity directly under the Governor's purview. Unlike many other Nigerian states where such activities are carried out by a public agency, ANSIPPA was established as a legal corporate body with perpetual succession, under a common seal and overseen by a governing council in compliance with the Companies' and Allied Matters Act (CAMA) 2005.[1]

ANSIPPA's distinctive approach is further demonstrated by a complementary array of tools and practices. Of key importance is its flagship One-stop Service model, which coordinates and streamlines investment-related activities across federal and state actors. This is discussed in greater detail in Section 4.2. Another tool used by ANSIPPA as a key driver for transactions were its Special Purpose Vehicles (SPVs).

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[1] It should be noted that this does not necessarily make ANSIPPA a non-public agency, as the distinction is between an administrative department or agency and a commercial corporation that may be publicly owned. The case study will look into aspects of ANSIPPA's characterisation as a company, and provide insights on the implications of this for its ability to exercise its mandate effectively.

SPVs are usually incorporated to protect both parties' interests in government-private partnership projects. In ANSIPPA's case, SPVs were used as the organising framework for providing information, support, and guidance to partners (investors), aftercare strategy, and equity contributions. Depending on the location, the State Government takes between 5-10% equity for the land and infrastructure that it provides for such investments. Because the Government has a stake in these kinds of investments, it is more committed to its delivery role in the enhancement of investments to the point that ANSIPPA has out-performed its own service delivery standards regarding relevant approvals for investments.

The One-Stop Service Centre - and how it works

To fulfil its mandate, ANSIPPA established a One Stop Service Centre (OSSC), "an investment facilitation mechanism that brings relevant government agencies to one location with coordinated and streamlined processes to provide efficient and transparent services to investors".[2] According to ANSIPPA's reporting, the OSSC has been instrumental in a number of key achievements, including:

Reduction in the number of days for business registration and inception from 40 to 15 days;

- Investments worth over 430 billion naira;
- Generation of over 800 direct jobs across over 10 sectors; and
- Registration of over 20 new industrial establishments.[3]

Effectively, the OSSC brought 'under one roof' the officers from key federal and state agencies involved in processing and issuing business-related documents (certificates, approvals, licences and permits). Although situated in the ANSIPPA office and directly contributing to its day-to-day activities, OSSC workers remained employees of their different MDAs and retained the mandates of their parent MDAs. Seconded workers were in turn supported by non-civil servant staff, who provided technical expertise and instated private sector management practices.

Prior to ANSIPPA, a prospective investor would need to fulfil a variety of processes in the Ministry of Lands for land acquisition matters and, thereafter or simultaneously, approach other public authorities for other permits or licenses. As these bodies work independently and in different locations, investments could be delayed extensively.

Through the OSSC, ANSIPPA helped ensure that any investment approved by its board and team of experts got the appropriate attention and endorsement of the required MDAs within a much shorter timeframe.

BOX 1: HOW ANSIPPA EFFECTIVELY EXECUTES ITS INTERMEDIATING FUNCTION WITH OTHER MDAS IN THE STATE

The interviews with the civil servants under OSSC, representing different MDAs, revealed that there were no changes in their appointments and salary structures. Seconded officials still work substantively as civil servants with their salary bases in their respective ministries. The only real change has been the relocation of their office spaces from their initial MDA buildings to the ANSIPPA-OSSC office. Effectively, although based as staff in ANSIPPA-OSSC offices, these officials remained employees of their different MDAs (still working under their respective MDA Directors) and carrying out the mandates of their parent MDAs.

Officers in OSSC work to ensure that any investment approved by the ANSIPPA board and team of experts gets the appropriate attention or endorsement of the required MDAs within the shortest possible time. The OSSC also helps to remove the bottlenecks of physical contacts between the investor and the different sets of directors/officials of the individual MDAs as the OSSC responsibility is act as an intermediary. The OSSC arrangement is open, and was made clear from the introductory stage of the programme. This is so well understood by the key actors that the introduction of the OSSC was not regarded as a threat to their jobs and responsibilities.

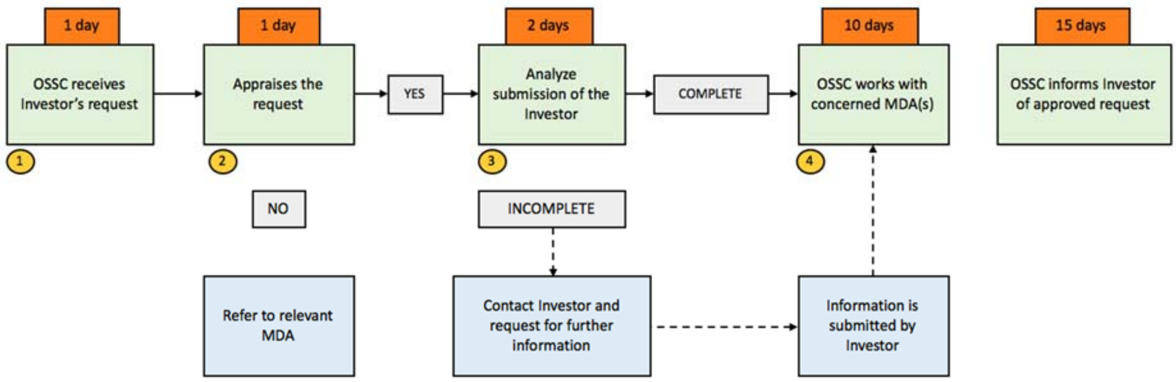
[2] *"The Future Beckons: the ANSIPPA corporate marketing profile"*

[3] *As noted earlier, a more in-depth analysis would be needed to look at the additionality that was achieved by the intervention, and what would have happened without it.*

The resulting support and collaboration is one of the programme's key strengths. Figure 2 shows clearly the how the OSSC operates.

According to the OSSC Investment flow chart in Figure 2, an investor prepares his/her investment proposal and submits to the OSSC officials who appraise the submission within one day. If the proposal is within the OSSC scope and seems good, they will check for the completeness of the proposal documents that was submitted; otherwise, they would refer the proposal to the relevant MDA. This second step takes place within two days of submitting the proposal. If the proposal documents is complete, OSSC officials will work with the relevant MDAs to give approval to the proposed investment. Otherwise, they would contact and inform the intending investor of the missing document(s) and request for the submission or supply of the information. This process is completed within 10 days of investment proposal submission. After approving the proposal, OSSC informs the investor of the approval of his or her proposal, which should occur within 15 days of the proposal submission.

Figure 2: One-stop Investment Process Flow and Service Chart in ANSIPPA



What can be deduced from the OSSC investment flow chart and the responses from the interviewees is that the OSSC does not operate as an autonomous agency. Rather, it acts as **connector** between the investor and the relevant MDAs. Its role is primarily to catalyse and fast track the process and ensure that both costs and time are reduced to the minimum. Except for the Director and other key officials of the OSSC, the rest are representatives of the various MDAs who were previously staff of the different MDAs and were not appointed just because of OSSC. Clearly, then, the OSSC is not a stand-alone agency. It does not issue licences to the investors; rather, it helps to facilitate the process of obtaining the licences from the relevant MDAs, reducing the time and the cost.

BOX 2: WHY HAVING A ONE STOP INVESTMENT PROCESS IS KEY

To understand how ANSIPPA/OSSC functions, an appreciation of the key challenges faced in the past by Anambra State is necessary. Many ANSIPPA clients interviewed admitted that they made previous efforts in the past to invest in the state but were frustrated with bureaucracies of government. They complained of lengthy wait for approvals, corruption, and very substantial amount of time and resources that were being spent on moving from one MDA to another. For example, it took an average of 18 months to get a Certificate of Occupancy (C of O).

However, with ANSIPPA/OSSC it now takes only about 6-8 weeks to get a C of O from the state government once land has been acquired for the investment.

Understanding ANSIPPA and its OSSC as a Reform Experience

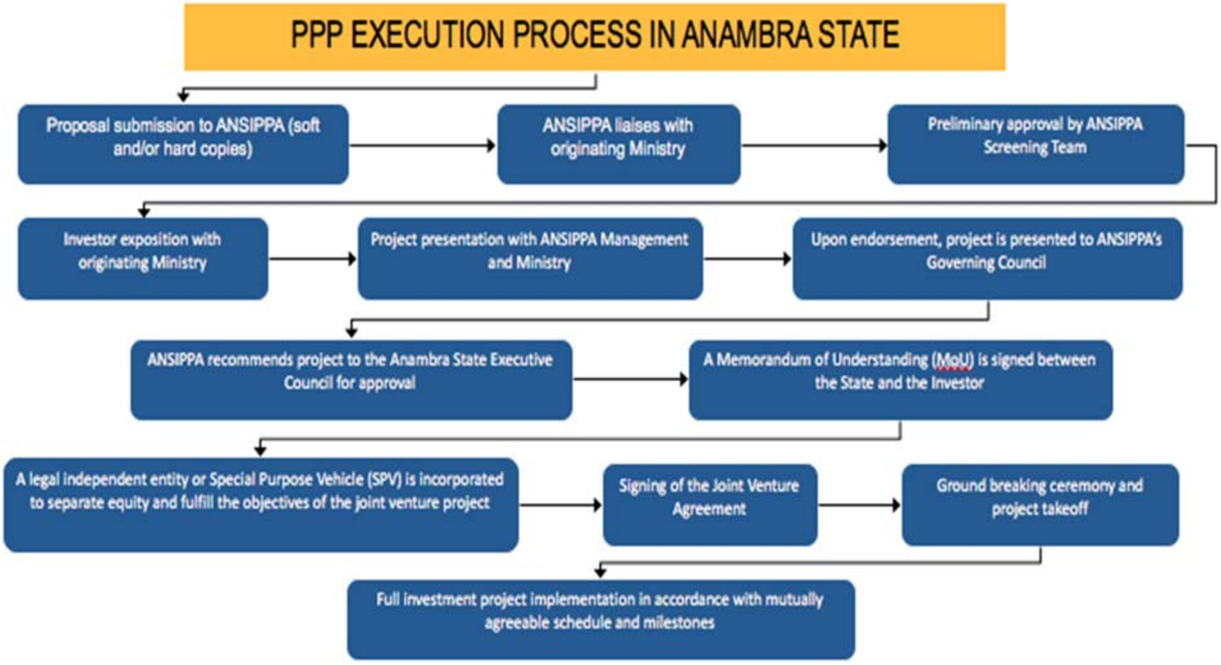
Key Governance and Operational Reforms Enabling ANSIPPA/OSSC to Function Effectively

ANSIPPA is governed by an 11-person Board, including five key commissioners relevant to the ease of doing business in the state – lands, finance, trade and industry, economic planning and budget, and the Attorney General of the State. This structure ensures that all relevant MDAs participate in decision making on all investment requests.

The OSSC effectiveness was also influenced by ANSIPPA's collaboration with regional and federal agencies, such as NAFDAC, FIRS, CAC and NIPC – which houses the federal government's own one-stop shop for investment promotion activities. This included clear agreements on how Anambra's portfolio of applicants would be managed to ensure the OSSC's target timelines are met.

ANSIPPA's clear-cut partnership and project implementation process is explain in Figure 3. This includes a 12-step approach starting from proposal submission by an investor and ending with full investment project implementation. Interviewed investors attest to the fact that, unlike in the past, an investor clearly understands what it takes (including processes) to invest in the state and how long it takes to get the necessary approvals from the government.

Figure 3: Partnership and Project Implementation Process in Anambra State



Source: ANSIPPA Marketing Brochure

In addition, ANSIPPA also adopted arrangements which contributed to its efficiency and effectiveness:

- Leveraging on the State's pre-existing institutions and seconding civil service staff from key ministries;
- Governed by an overarching board, comprised of select ministry heads & private sector stakeholders, which reports directly to the Governor;
- Agreeing to a series of Memoranda of Understanding with federal and sub-regional entities involved in releasing permits and licenses;
- Focusing mainly on four key sectors in the State's development plan, rather than spreading efforts thinly across too many sectors.

Legal and Regulatory Reforms

The swearing in of the Board of ANSIPPA signalled the government's commitment to reforming the business and investment regulatory environment in the state, and enhanced the effectiveness of coordination and cooperation among MDAs as relevant MDAs now work in concerted fashion to attract investments and not in silos as was previously the case. It also provided a reform platform to develop and implement government-wide tools and systems to shape how the state government improves service delivery and reduces regulatory and administrative burdens (in terms of cost, time, and quality) for sustainable economic development of the state with the goal of achieving the vision and mission of the State Government.

In order to implement, sustain, and deepen these reforms, ANSIPPA was backed with an Act of the State Assembly. This assures investment continuity and provides confidence (as partnership agreements and approvals/licenses are not subject to government fiat) to investors, especially in terms of the sustainability of their investments. The law, with official Gazette No. 11, Vol. 24 of 18th December 2014, provides a harmonised legal framework instead of the former situation where civil service regulations or administrative procedures were in 'silos', unarticulated, and often different as one moved from one MDA to another.

The legal features of ANSIPPA/OSSC reform are critical for understanding its operations. The Act, in Section 8, mandates the Agency to initiate, encourage, promote, and coordinate investments in the state while, among other things, maintaining liaison between investors and Nigeria Investment Promotion Council (NIPC), Federal and State Ministries, government departments and agencies, institutional lenders and other authorities concerned with investments. NIPC, in particular, was a facilitator in the setting up of OSSC as ANSIPPA physically spent some time understudying NIPC's One Stop Investment Centre (OSIC). It is also important for ANSIPPA/OSSC to maintain close strategic links with NIPC as the latter is the foremost investment promotion agency of the country and the main investment promotion window through which investments flow into the country. Another learning opportunity for ANSIPPA, prior to the establishment of OSSC, was in Thailand in October 2014 when the Anambra State sent an investment delegation to the Kingdom of Thailand. The team visited the One Start One Stop Investment Centre of the Thailand Board of Investment (BOI).

This legal framework or structure under which ANSIPPA/OSSC operates has implications for coordination, transparency, and accountability. Though the programme is not meant to take over or replace any of the MDAs, the legal framework is such that no MDA can afford to be seen as a clog in the wheel of progress. Since the ANSIPPA/OSSC Board has representatives from all the relevant ministries, departments and agencies takes investment proposal approval decisions, such approval are effectively binding on the relevant agencies. This also explains how it fosters effective and efficient inter-agency performance and eliminates duplication of processes and procedures. ANSIPPA/OSSC is also empowered to do anything necessary or expedient for the performance of its functions within the law, which gives it sweeping powers to continue its reform of procedures and processes needed for improving business environment and service delivery within Anambra State. Confirming the information in Figure 3, which is the OSSC investment process flow, most of the investors interviewed expressed their satisfaction with the drastic reduction in time taken to get an investment proposal approval from the state. Although, some of them could not provide the exact time it took to get their proposals approved and communicated to them, more than 50% of them confirmed that the 15 working days (3 weeks) is within the range of what it took to set it up. That does imply that there may be some delays beyond the 15 working days target, which would need a more thorough investigation.

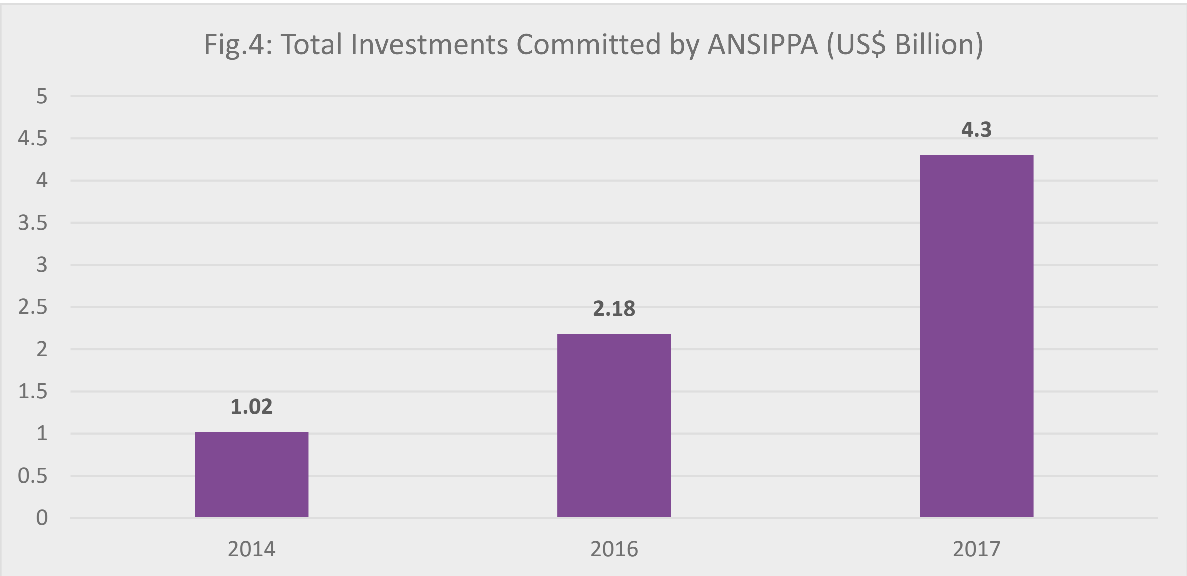
Evidences of Success of the Reform

Within three years of being established, ANSIPPA became widely acknowledged by development experts, including the 2017 South-East Governance Innovation Summit, as one of the best models for attracting both local and international investments in Nigeria. Overall, investors testify that ANSIPPA/OSSC reforms have succeeded in simplifying procedures and reducing costs and time for investors – thereby making investment entry easy and providing more job opportunities in the State. The interview report shows that 30% of the 22 investors interviewed see Anambra as the best state for investment in Nigeria due to the substantial reduction in time and cost of registering a business since the introduction of OSSC while 50% see the state as among the three easiest states to start an investment in the country. Although we need to recognise some of the in-built bias here as they had made the investment, and it is not clear what other opportunities the investors considered. The sample size of those interviewed was also relatively small.

Another important way of assessing the success of ANSIPPA/OSSC is the growth (number and amount) in investments attracted to the State since its creation. Available information from the ANSIPPA office show that the agency (through its OSSC) has recorded successes in its target of changing the investment climate in Anambra State and attracting indigenous, other domestic, and foreign investments to the State. As at July 2016, two years after the establishment of the agency, a statement by the Governor revealed that ANSIPPA had already made the investment climate in Anambra State simple, transparent, efficient, and free of the usual bureaucratic bottlenecks. According to him, the efforts of ANSIPPA and its OSSC has made Anambra Nigeria's number 1 investment destination, attracting over US$3.0 billion from 28 major investors within two years of its establishment (ANSIPPA, 2016). If these figures are accurate, this shows that the agency achieved above 75 percent of its annual investment target within the first two years of its inception.

This report shows that for 2016, investors had already committed over US$2.23 billion to the state as at July. The investments are distributed across the various sectors of the economy as follows: Agriculture, US$559.5 million; Health, US$1.5 million; Hospitality and entertainment, US$109.0 million; Housing, US$ 809.0 million; Industrialization (manufacturing), US$51.4 million; Oil and Gas, US$100.0 million; Power, US$257.3 million; Trade and commerce, US$320.0 million; and Transportation, US$16.5 million. A closer look at the distribution of the investments across sectors shows that though Housing and Agriculture have a larger share of the attracted investments with 36 and 25 percent of the total investments respectively, the mission of attracting investments to the state's 4 pillars was achieved. As of December 2016, information from the ANSIPPA records show that the number of attracted investors had increased to over 34, with an executed Memorandum of Understanding (MoU) on investment worth over US$2.66 billion, an increment of US$0.44 billion within 5 months.

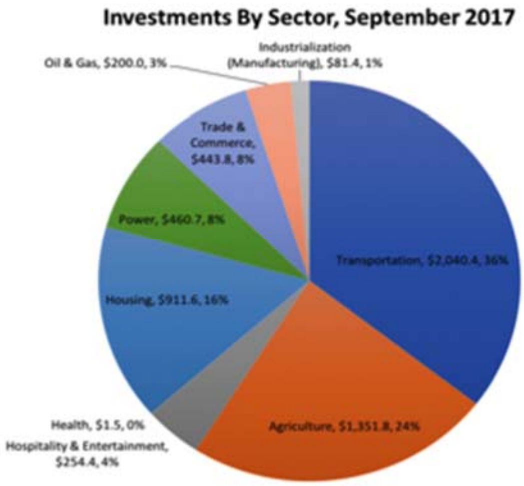
Figure 4: Total Investments Committed by ANSIPPA (US$ Billion)



Source: Authors with data from ANSIPPA and undated presentation by a member of ANSIPPA Governing Council, Mr. Mark Okoye.

Figure 5: Total Attracted Investments by ANSIPPA as at September 2017, disaggregated by Sectors

INVESTMENTS BY SECTOR ($ billion)	
Transportation	2.04
Agriculture	1.19
Hospitality & Entertainment	0.25
Health	0.01
Housing	0.91
Power	0.46
Trade & Commerce	0.44
Oil & Gas	0.20
Industrialization (Manufacturing)	0.08
	$5.58



While committed investments in 2017 stood at $4.3 billion, ANSIPPA's total attracted investments were valued at $5.58 billion. This provides evidence that the business environment is favourable as investors are willing to invest by expressing interests beyond what the State can currently commit to. The breakdown of these attracted investments per sector is given in Figure 5. Transport sector ranks highest, accounting for 36% of total attracted investments. This is followed by Agriculture, Housing and Power Sectors which account for 24%, 16% and 8% respectively. Investments in health sector are the lowest of all nine sectors.

NBS (2015) shows that, prior to the establishment of ANSIPPA, capital importations by Anambra state were approximately US$3.9 million (2013) and US$30.1 in 2014. Capital importation comprises foreign direct investment (FDI), portfolio investment and other investments. There is a significant difference between capital importation to Anambra State and the value of investment attracted. This shows that the worth or value of investment deals closed may actually differ with actual sums invested. Some of these investments take time and so finance mobilisation and releases follow the pattern of project implementation schedule.

An interesting aspect of the success story is on the profile of the investors. The report shows that though 54 percent of the investors are Anambra indigenes, 12 percent of them are Nigerians from other states, while 34 percent of them are foreigners. This is an indication that the agency is achieving its vision of becoming an investment destination in the country when compared to other states in the Southeast Region and other regions of the country.

All the stakeholders, including the ANSIPPA officials, the MDAs, and investors interviewed during the course of the study unanimously agreed that the institution is the catalyst of what some have called the 21st Century "gold rush" to Anambra. In essence, ANSSIPA is reported to be a key driver of the increased investment into the state. A larger proportion (90 percent) of the investors interviewed, including the Anambra indigenes, confirmed that the knowledge of the ANSIPPA programme and the OSSC motivated their decision to invest in the state. The remaining 10 percent, consisting of 4 percent Anambra indigenes and 6 percent non-Anambra investors, reported that they had decided to try investing in the state before hearing about the ANSIPPA and OSSC programme and were referred to the ANSIPPA office when they went to the MDAs to register their business. However, they confirmed that the services they got from ANSIPPA and the speed with which they were able to register their businesses boosted their confidence on their decision to invest in the state. Nevertheless, it is important to note that there are other key factors in making investment decisions – e.g. the economic fundamentals in terms of the resource base, the market access, the availability and skillset of labour; so the success should not all be attributed to the ANSIPPA/OSC.

What has Enabled or Constrained ANSIPPA's Work?

This study has found that the most significant factors leading to ANSIPPA's success are the Agency's well-articulated structure, strong legal foundation, and firm backing from the state government. The agency was set up as an autonomous institution, backed by the laws of the state. It uses a partnership and investment facilitation model. It also applies a well-structured monitoring and evaluation scheme that goes beyond monitoring the efficiency of the OSSC to that of investment implementation through which they gain more lessons and use them to fine-tune future investment deals. ANSIPPA monitors the progress of project implementation periodically to enable it to identify challenges and work with investors to address them (if they are challenges that the state government can handle). Cases have been cited where community agitations stalled implementation and government had to intervene to resolve it.

Another important factor facilitating the success of the programme is the constant support from the incumbent Governor, Chief Willie Obiano. Report from the ANSIPPA office reveals that the Governor initiated the establishment of ANSIPPA in line with his political or campaign promise of turning around the fortunes of the state economically; and that he is active in promoting the success and sustainability of the programme. Given his business background, the Governor believes that infrastructural development and security are important for economic viability and competitiveness of the State. Therefore, as an incentive to investors, the government of Anambra State not only provides land, but also guarantees security for persons, assets and investments while also working to ensure good community relations and insulation of the investors from undue community harassments. They also give the investor tax waivers and signs off on MoUs with the investors, which make the state partakers in the investments.

Interviewees believe that another catalysing factor, which has and may continue to ensure the success of the programme, is the personalities that sit in the Board and the officials running the programme. They believe that from conception to maturity, ANSIPPA and its OSSC were built to succeed, as they are empowered by law and structured to eschew undue political interference.

BOX 3: HOW SUCCESS WAS ACHIEVED: KEY REFORM ENABLERS

ANSIPPA's successes cannot be seen in insolation of other central improvements in the state, which indicate a pro-business environment backed by development leadership. Some critical success factors include:

- *Strong backing from high-level political leadership*
- *Constituted by law and empowered to carry out functions*
- *Inclusive approach to delivery (incorporated pre-existing agencies and their officials into the day-to-day running)*
- *Avoided lengthy, bureaucratic processes and decision-making*
- *Making the reform a critical component of the State's Development Plan*
- *Provision of infrastructure and security for investments and investors*

Beyond these, sitting on the board of the programmes are renowned bankers and investment analysts who speak the language of the investment community, with a rare wealth of experience. Currently, HRH Cyril Enweze, a former Vice President of the African Development Bank is the Chairman. Hon. Joe Billy Ekwunife, an astute banker and financial management expert, is the managing director, while Dr Ifediora Amobi, a seasoned economist who has worked in the US Department of Housing and Urban Development in Washington D.C. and has served as the Senior Special Assistant to the President on National Development Matters, is the Executive Director. All the interviewees, who have interfaced with ANSIPPA commended the Agency for its professionalism and commitment to protecting the copyrights of their proposals. This is a key factor in its success to date but it remains to be seen how sustainable it will be after the lifecycle of the current Governor or Board.

Also, a prerequisite for setting up ANSIPPA/OSSC entailed in-depth learning, consultations and planning. The ANSIPPA team understudied both local (especially NIPC) and foreign OSSCs and came up with a model suitable for achieving the economic and development aspirations of Anambra State. Critical in this model, is the adoption of a business mindset to government service delivery.

Notwithstanding the success recorded so far by ANSIPPA/OSSC in terms of the size of investments attracted and the streamlining of entry/exit of investments since 2014, there are a few (mostly external) challenges still facing the Agency. These include the following:

i. Housing and agriculture have larger shares of the attracted investments with 36 and 25 percent of the total investments respectively. There is, therefore, a high demand for land, which is highly limited in Anambra State given that the state is the second smallest state by land mass in Nigeria. This points to a delicate balancing act between land management and use;

ii. Anambra is among the states with a high number of erosion sites the country. This constitutes a challenge to investments such as those in the agricultural and housing sectors where it increases the costs of production. Indeed, in most cases, it has led to agitation by investors who ask for reallocation;

iii. The fragile national security occasioned by Boko Haram and the Niger Delta insurgencies also affect investment decisions. Although the government of Anambra state has succeeded in turning the state from a hub for armed robbery to a relatively secure environment, the high level of insecurity (including kidnapping) nationally indirectly affects investment attraction, as many Nigerians and foreigners are not confident about their personal safety. For instance, the agitation for Biafra and the various threats by the agitating groups, according to some of the interviewees, has put the state on a-watch-list for investors, especially those from outside the South-East.

iv. Another constraining challenge is the inability of ANSIPPA/OSSC to implement an e-governance system. Currently, the Agency is not applying ICT for delivering its services and government-to-customer (G2C) or government-to-business (G2B) transactions. For instance, interviewees noted that they still have to travel to the Agency to submit relevant documentations and requests. The costs to investors associated with such logistics can be eliminated if the Agency implements an e-governance system, while improving the efficiency of the current system (paper-based system), promoting better accessibility, transparency, accountability and improved services.

The more internal constraints faced by ANSIPPA could be explored in more detail, and include:

i. Human capability and skills gaps for technical and management staff

ii. Dependence on other government institutions and their processes

iii. Keeping up with infrastructural demands to meet investment inflows and timelines

iv. Lack of prior databases (land ownership, state assets)

The Role of Evidence and Learning in the Reform Process

It appears that learning and evidence has played a role in the creation and ongoing functioning of ANSIPPA and OSSC. Firstly, prior to the formation of ANSIPPA, the incumbent Governor and his team looked for where a similar programme existed. They identified the Nigerian Investment Promotion Commission (NIPC), located at the Federal Capital Territory, Abuja. After accessing basic information about the NIPC from secondary sources, including the NIPC's website, Anambra State liaised with the management of the NIPC and sent a team of experts to the NIPC office for some weeks to receive training and guidance. During their trip, team members were educated on the processes and modalities for establishing and managing an investment promotion programme. The available members of the team interviewed during the survey confirmed that they learnt a lot from the visit, in addition to the experience in investment management which the team already had. According to one team member, "adding what we learnt from the NIPC with our initial expertise and experiences in investment management ensured that we gave the ANSIPPA and the One Stop Service Centre a foundation stronger than even that of the NIPC".

Some of the investors interviewed indicated that because of the continuous upgrading of the programme through learning and evidences, the ANSIPPA initiative seems to be performing better than the NIPC (within two years of its operation) to the extent that the NIPC is now being advised to adopt the ANSIPPA model. According to a report on the Vanguard of April 14, 2016, "The Anambra ANSIPPA should serve as a model for not just state governments keen on diversifying revenue sources in an era of dwindling resources from petroleum, but also the Federal government's Nigerian Investment Promotion Council (NIPC) that has by all accounts underperformed since inception.

Conclusion

Key Findings from Anambra's Experience

i. **Need for strong political commitment and support at the highest level:** When the success or failure of development policies or initiatives is discussed, political commitment or lack of it has often affected the outcome. The determination of the Governor, who has extensive authority in the State, and the government and the legislative arm were key...

ii. **Need for strong analytics, learning, presentations, consultations or retreats, convincing, and scenario planning:** Careful analysis of issues and their possible solutions are significant aspects of developing shared understanding and establishing essential credibility for policy reform. While good analysis does not always lead to good policy, constructive policy is a rarity in the absence of reliable analysis about the reasons for particular issues, assessment of feasible solutions to those issues, and the most plausible reform strategies (USAID, 2007). Following the economic and/or revenue challenges facing most states in Nigeria, Anambra State Government undertook an assessment of the economic and commercial potentials of her jurisdiction and came to the conclusion that the state was operating and performing below its potential. So, the state set up a think tank – Anambra Economic Think Tank (ANETT) – to address this challenge. Consequently, the ANSIPPA and the OSSC is a response to the need to find innovative ways of generating funds and planning its own development agenda. ANSIPPA and its management thought it could engender development through PPP models and the enabling foreign exchange through an investment channel.

iii. **Government as a business and the need to focus on business environment integrity:** Speed is essential in both government and private sector businesses. ANSIPPA adopted a business mind-set (Government as a business) built on integrity, effective strategies/procedures, functions, people (especially with private sector background), processes, operations and controls that seek to prevent, detect and address serious government bureaucracies prevalent in many MDAs. This has laid a solid foundation and structure for doing business in an effective and sustainable fashion in the state. Prior to the establishment of ANSIPPA and OSSC, many potential investors either withdrew or considered withdrawing from Anambra State as an investment destination. Many of ANSIPPA clients complained about cumbersome and complicated procedures and delays in dealing with relevant government ministries, departments and agencies. ANSIPPA (through its OSSC) has established a partnership and service-oriented system in accordance with the best international standards which has made it possible for any investor to come to Anambra State and start up a business within 15 working days. This has not only rebuilt the trust of investors and private businesses, but also has created an environment of trust, transparency and accountability necessary for obtaining long-term investments, financial stability and sustainable growth in Anambra State.

iv. **The need for strong monitoring process and alertness to implementation realities:** Once all the necessary agreements are signed with investors, ANSIPPA and OSSC monitors regularly to ensure that all the milestones agreed upon with investors are met despite the numerous challenges (natural, economic or human) that may arise. So, it is still a learning curve for the organisation. As such, ANSIPPA/OSSC continues to adapt with respect to how it works in order to improve its effectiveness. In other words, the ANSIPPA/OSSC experience in monitoring its processes and investors, guides its commitment to refine and retool its processes for maximum investment impact in Anambra State.

Recommendations

While the case study shows much of the success of the project, it is likely that more research would be needed to deepen the findings and to review how sustainable the approach is likely to be. We also need to review how best to disseminate the findings to a wider audience.

There are two categories of recommendations emanating from this study. First, recommendations on how to support the programme in the state to ensure that it maintains its momentum regardless of changes in state governance; and second, recommendation for other states in the country on how to adopt the programme to meet their contexts.

Recommendations to strengthen and maintain the initiative

a. Ensuring national security and political stability in the country are anchored on the principles of fairness and social justice. Though most of the investors pointed to increased level of security in the state as part of their motivating factors, they still acknowledged that low level of national security and political instability generally reduces their urge to invest in the country. Therefore, this calls for extra efforts towards ensuring national security and political stability in the country.

b. Being a one-stop shop, where all offices relating to investment promotion are housed under one roof, government should construct a befitting structure for the agency. This will give them room to house the extra MDAs and staff required for the smooth and efficient running of the programme over the long term.

c. For the agency to remain highly professional and focused, government should continue to insulate it and its staff from political influence. The appointment of its board and management team should not be based on political considerations or party affiliations. The key to the longer-term success of the ANSIPPA is whether it survives a change in Governor, especially if a new Governor came from a different political party.

Recommendations for other States

a. In the light of the economic and/or revenue challenges facing most states in Nigeria, other states (just like Anambra State Government), should undertake an assessment of the economic and commercial potentials of their jurisdictions and come up with programmes and models that will make optimum use of all the valuable opportunities available to them.

b. As with ANSIPPA and OSSC, other states could internalise the profit motive since it is clear that investors are not driven primarily by patriotism or altruism. Such programmes should be transparent and ensure that at a glance, investors can see what they stand to gain by investing in the state.

c. To ensure a strong root for such programmes, evidence and learning should play a key role in formulating and executing them. The states should look out for places where programmes like the one they intend to establish have been working and seek for collaborations with relevant people to gather evidences on how best to formulate and run the intended programmes. This was very instrumental in the case of ANSIPPA and its OSSC.

d. There is a strong need that such programmes and models are designed to control and prevent government bureaucratic red tapes prevalent in many MDAs. The programme should, as much as possible, be isolated from party politics. This will ensure continuity and consistency in programme objectives.

e. Lastly, there is a need for strong monitoring and evaluation as an integral part of the processes.

ANNEX

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