

# **Strengthening MSME Structures and Capacity Building for Sustainable Growth in the Non-Oil Exports**

**Presented By**

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# Introduction

- ▶ Nigeria's economy was quite diverse prior to the discovery of oil;
- ▶ Presently, the nation essentially depend on earnings from crude oil/gas export:
  - As at the close of 2018, Mineral fuels including oil accounted for US\$58.73 billion (96% of total exports);
  - Exports from Cocoa USD323Million
  - Exports from Oil seed, Grains, Fruits, etc USD 223Million
- ▶ Massive innovations & general glut in international oil market has made crude oil not too attractive as it use to be;
- ▶ Major oil exporting nations have proactively widened their export base and Nigeria cannot do otherwise.

# MSMEs in Nigeria

S/N	SIZE CATEGORY	EMPLOYMENT	ASSETS (Nmillion) excluding land & building (N150=1USD)
1	<b>Micro Enterprises</b>	<b>Less than 10</b>	<b>Less than N10m</b>
2	<b>Small Enterprises</b>	<b>10-49</b>	<b>5 - less than N100m</b>
3	<b>Medium Enterprises</b>	<b>50-199</b>	<b>50 less than N1bn</b>

<b>Size</b>	<b>Number</b>	<b>Percentage</b>
<b>Micro</b>	<b>41,469,947</b>	<b>99.8%</b>
<b>Small &amp; Medium</b>	<b>73,081</b>	<b>0.2%</b>

## **General Outlook of MSMEs (NBS 2017)**

# **Facts from the 2017 SMEDAN/NBS Survey reports**

- ▶ **Only 2,529 of the over 41million MSMEs (3.5%) have exportable products/services;**
- ▶ **Only 1,176 MSMES into manufacturing are into export;**
- ▶ **Only 540 MSMEs into Wholesale/trade are into export;**
- ▶ **Only 341 MSMEs in transport/Storage are into export**

# 2017 Survey Priority Areas of Supports

- ▶ **Adequate/reliable power and water**
- ▶ **Reduced tax rate**
- ▶ **Financing**
- ▶ **Adequate Security**
- ▶ **Adequate transport**
- ▶ **Regular fuel**

# Peculiar Challenges

- ▶ **Most MSMEs are unable to access funding windows;**
- ▶ **Over 99% are not covered by any insurance policy;**
- ▶ **Over 96% operate below optimum capacity;**
- ▶ **Almost 95% operate without a business plan;**
- ▶ **Over 97% do not belong to any BMOs;**
- ▶ **48.47% contribution to the GDP (nominal);**
- ▶ **Contributions to export is 7.64% (NBS 2017) slightly from 7.27% in 2013.**

# Government's Efforts

- ▶ **Government is interested in diversifying the export basket of Nigeria;**
- ▶ **Initiatives to ensure MSMEs play more prominent roles and become competitive in global market domain include:**
  - **Economic and Recovery Growth Plan (ERGP);**
  - **Ease of doing business;**
  - **Export Expansion Grant;**
  - **Non-Oil Export Stimulation Facility (NESF)**

**There is need to deepen the interventions**

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# Nigeria's Top Export destinations

<b>S/N o</b>	<b>Country</b>	<b>Value in USD</b>
<b>1</b>	<b>India</b>	<b>9.9Billion USD</b>
<b>2</b>	<b>Netherlands</b>	<b>6.7Billion USD</b>
<b>3</b>	<b>Spain</b>	<b>6.32Billion USD</b>
<b>4</b>	<b>France</b>	<b>4.9Billion USD</b>
<b>5</b>	<b>South Africa</b>	<b>3.9Billion USD</b>

# How Important is Non-Oil Export?

- ▶ NBS put the non-oil export value for the 1<sup>st</sup> quarter of 2018 @ N577.64bn;
- ▶ Non-Oil Export (NOE) is about 12.3% of the total exports of N4.69tn
- ▶ Some of the exported products:
  - Sesame seed (N26.65bn)
  - Raw cocoa beans (N6.03bn);
  - Fermented cocoa beans (N23.29bn);
  - Cashew nuts (N5.03bn; and
  - Soya beans, N3.45bn

# Why MSMEs Need To Be Involved In Export

- ▶ Increased sales and profit;
- ▶ Opportunity to gain market share globally;
- ▶ Spreading the risk;
- ▶ Acquisition of useful knowledge, technology and information;
- ▶ Extended product life cycle;
- ▶ Foreign Exchange earnings;
- ▶ Increase in GDP;
- ▶ Job creation

# How to Strengthen and Build the capacities of MSMEs for Sustainable Growth



- ▶ **Increased investment in infrastructure provision**
- ▶ **Formalise the operations of MSMEs**
- ▶ **Create/offer accessible financial incentives:**
  - **Tax**
  - **Development Fund**
  - **Licenses**
  - **Subsidies**
- ▶ **Initiate and implement targeted key policies**
- ▶ **Establish product packaging hubs;**
- ▶ **Massive investment in knowledge and/or capacity enhancement;**
- ▶ **Increase awareness campaign & initiate Town-Hall meetings on export initiatives for SMEs.**

# What SMEDAN Can Do

- ▶ **Serve as a One-Stop-Shop to harness and harvest MSMEs benefits;**
- ▶ **Loop MSMEs into the Agency's MMRP/National MSME Database;**
- ▶ **Offer tailored capacity building;**
- ▶ **Deepen the Agency's advocacy roles;**
- ▶ **Offer MSMEs continuous BDS delivery;**
- ▶ **Serve as information access centre;**
- ▶ **Create and connect potential SME Exporters to appropriate Mentors/Advisors;**
- ▶ **Facilitate the establishment of Shared-Facility or Common Processing Facility**

# **“Walking the Talk”**

- ▶ **Facilitating MSMEs participation in International exhibitions;**
- ▶ **MSMEs Mass Registration Program (MMRP)**
- ▶ **Formal signing of MoU with African Guangdong Business Association;**
- ▶ **Opportunity fairs;**
- ▶ **Establishing Cluster Parks;**
- ▶ **Linking MSMEs to local and global markets through the Agency's Market Access Program**
- ▶ **One Local Government One Product (OLOP)**
- ▶ **Matching Funds;**
- ▶ **Policy review to make it more robust, inclusive and implementable**

# Focus of Capacity Building For SME Exporters



- **Importance of market entry requirements & specifications**
- **Quality Assurance/Control**
- **Certification**
- **Packaging and Labeling**
- **Costing and Pricing**
- **Non-tariff Barriers**
- **Use of social media and ICT as platforms to promote and export products made by Nigerian SMEs.**

# Rounding Up...

- ▶ **Federal Government is determined to pursue a fiscal strategy framework based on non-oil.**
- ▶ **Tracking global developments on commodities' market is a pointer to the direction of economic activity and focus;**
- ▶ **MSMEs account for over 99% of enterprises in Nigeria hence the need for a deliberate effort to enhance them for competitiveness and export readiness;**
- ▶ **Looping a significant number of SMEs into the export market is the surest way of diversifying and sustainably growing the economy;**
- ▶ **Achieving the Economic Recovery and Growth Plan (ERGP) demands synergy of critical enablers;**
- ▶ **SMEDAN/NEXIM partnership is geared in this direction**



Small & Medium  
Enterprises  
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Nigeria

**As we say in SMEDAN:**

**THINK BIG  
START SMALL**



► **And let's start now!!!**