

# FEDERAL REPUBLIC OF NIGERIA



## NATIONAL POLICY ON MICRO, SMALL AND MEDIUM ENTERPRISES



## **ABBREVIATIONS AND ACRONYMS**

ACGSF – Agricultural Credit Guarantee Fund

ADR – Alternative Dispute Resolution

AfDB – African Development Bank

AFRI-EXIM Bank – African Export-Import Bank

AGOA – African Growth and Opportunity Act

BDS – Business Development Services

BDSCs – Business Development Support Centres

BDSPs – Business Development Service Providers

BMOs – Business Membership Organisations

BOI – Bank of Industry

BSCs – Business Support Centres

CAC – Corporate Affairs Commission

CBN – Central Bank of Nigeria

CET – Common External Tariff

CIDA – Canadian International Development Agency

CSAD - Centres for Skills Acquisition and Development

DFID –UK Department for International Development

ECGF – Export Credit Guarantee Facility

ECOWAS – Economic Community of West African States

EEG – Export Expansion Grant

EPZs – Export Processing Zones

EVODEF - Entrepreneurship and Vocational Development Fund

FEAP – Family Economic and Advancement Programme

FIF – Foreign Input Facility

FIIRO – Federal Institute for Industrial Research, Oshodi

GDP – Gross Domestic Product

ICT – Information, Communication Technology

IDCs – Industrial Development Centres

IFC – International Financial Corporation

IPs – Industrial Parks

IT – Information Technology

ITF – Industrial Training Fund

ISRT – Inter-State Road Transit Scheme

JICA – Japan International Corporation Agency

LIF – Local Input Facility

LGS – Loan Guarantee Scheme

LSEs – Large Scale Enterprises

MBOs – Membership Business Organisations

MDAs – Ministries, Department and Agencies

MDF - Microfinance Development Fund

MDGs – Millennium Development Goals

MEIBS – Manufacturers Export In Bond Scheme

MFBs – Microfinance Banks

MSMEDEF - Micro, Small and Medium Enterprises Development Fund

MSMEs – Micro, Small and Medium Enterprises

MTEF – Medium Term Expenditure Framework

NACCIMA – National Association of Chamber of Commerce, Industry, Mines and Agriculture

NACRDB – Nigerian Agricultural, Cooperative and Rural Development Bank

NACTEM – National Centre for Technology Management

NAFDAC – National Agency for Food and Drug Administration and Control

NAPEP – National Poverty Eradication Programme

NASENI – National Agency for Science and Engineering Infrastructure

NASSI – National Association of Small Scale Industrialists

NBS – National Bureau of Statistics

NCI – National Council on Industry

NCOIRF - National Council for the Operationalisation of Innovative Research Findings

NDE – National Directorate of Employment

NEEDS - National Economic Empowerment and Development Strategy

NERFUND – National Economic Reconstruction Fund

NEPAD – National Economic Partnership for African Development

NESG – Nigerian Economic Summit Group

NEXIMBANK – Nigeria Export-Import Bank

NGO – Non-Governmental Organisation

NIED - National Institute for Entrepreneurship Development

NIEM - Nigerian Institute for Entrepreneurship Management

NIPC – Nigerian Investment Promotion Commission

NITDA – National Information Technology Development Agency

NMP – Nigerian Microfinance Policy

NOTAP – National Office for Technology Acquisition and Promotion

NPC – National Planning Commission

NUC – Nigerian University Commission

PRODA – Project Development Agency

R&D – Research and Development

RMRDC – Raw Materials Research and Development Council

RRF – Rediscounting and Refinancing Facility

SET – Science, Engineering and Technology

SF – Stocking Facility

S&T – Science and Technology

SMEs – Small and Medium Enterprises

SAP – Structural Adjustment Programme

SMEDAN – Small and Medium Enterprises Development Agency of Nigeria

SMEIES – Small and Medium Enterprises Industries Equity Investment Scheme

SON – Standard Organisation of Nigeria

TAA – Technology Acquisition and Adaptation

TIC – Technology Incubation Centre

TOKTEM – Transfer of Knowledge through Expatriate Nationals

UBE – Universal Basic Education

UNDP – United Nations Development Programme

UNICEF – United Nations Children Fund

UNIDO – United Nations Industrial Development Organisation

USAID – United States Agency for International Development

USEXIM Bank – United States Export-Import Bank

WTO – World Trade Organisation

## **FOREWORD**

This National Micro, Small and Medium Enterprises Policy is our concerted response to the challenge of developing the sub-sector of the Nigerian economy in a structured and efficient manner. The importance of Micro, Small and Medium Enterprises (MSMEs) in employment generation, economic empowerment, poverty alleviation and even distribution of development has long been recognized. The major challenge has been how to make this happen in a sustainable manner and within the framework of a robust policy platform. This is even more so for Nigeria with vast human and material resource endowments, which should ordinarily make her rank very highly in the comity of nations. That we currently have a very low ranking on the global economic scale could be attributed partly to the fact of ad hoc and piecemeal measures targeted at the MSME sub-sector, which must now be replaced with integrated and well coordinated interventions. Virtually all of these necessary actions or interventions are chronicled in this first MSME policy document for Nigeria.

The policy preparation process was an inclusive one. It started with a comprehensive background study, embracing the collection and analysis of MSME-related materials/activities in Nigeria and abroad by the African Institute of Applied Economics (AIAE), which also went ahead to prepare the first draft of the policy document. This aspect of the work was sponsored by the United Nations Development Programme (UNDP). A forum of MSME development experts and practitioners was subsequently convened to scrutinize this draft and proffer necessary revisions as might be deemed appropriate. This revised draft was then presented to MSME stakeholders in the northern and southern parts of Nigeria for their comments. Participants at both the experts' forum as well as the stakeholders' sessions cut across all sectors – public, private, development partners, academics, practitioners and operators. Another revised document, reflecting proceedings at these forums was then presented for the consideration and approval of the Federal Executive Council (FEC). I like to take this opportunity to thank all those who supported this process and saw it to the logical conclusion that we are all proud of.

We see this national MSME policy as one of the major vehicles for realizing the laudable objective of Nigeria becoming one of the 20 leading economies in the world by year 2020. Therefore, it is my appeal that we extend the same commitment and partnership witnessed at the policy formulation stage to the implementation, monitoring and evaluation of all the programmes and actions contained in the (policy) document.

Empirically verifiable evidences abound that rapid economic growth is the single most important factor in reducing poverty, but flourishing MSMEs are the best agents for spreading the benefits of this growth more evenly. That is why the development of the Nigerian MSME sub-sector is a task that must be done.

In an increasingly complex and dynamic national and international environment, organizations and businesses are now focusing only on core areas of competence. This same principle should apply in our joint resolve to put the Nigerian MSMEs boldly on the map of our national economic development. SMEDAN's major role, as contained in the policy, would be that of a coordinator, promoter and facilitator, and this we would diligently do to realize the goals and objectives of the policy. I commend other stakeholders also to take their assigned roles very seriously. Given our vast resource endowments – both human and material, I foresee the emergence of a healthy and internationally competitive MSME sub-sector in Nigeria in the near term.

**MODUPE A. ADELAJA (MRS)**

**DIRECTOR-GENERAL**

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## **EXECUTIVE SUMMARY**

This report describes the findings and recommendations of a study for the development of the National Policy on MSMEs. The project has three components. The first component is a background study to provide insights and lessons for the National Policy on MSMEs. The second is the preparation of a draft National Policy on MSMEs to facilitate policy consultation and dialogue among stakeholders. The third is the revision of the Draft National Policy on MSMEs based on inputs from regional stakeholder workshops organized by SMEDAN.

The background study diagnosed the form and character, strengths and weaknesses, as well as opportunities and constraints in the MSMEs sub-sector. It involved a situational analysis and needs assessment for the growth and competitiveness of Nigeria's MSMEs. The background study was based on data collection and reviews of literature from several institutions, including government ministries, departments and agencies, NGOs, research and academic institutions, international agencies, private sector organizations and civil society. In addition, the study elicited stakeholder assessments by rapid appraisal tools including key informant interviews and focus group discussions with government institutions, private sector organizations and international development agencies.

The study produced a Background Paper containing assessment of the structure, circumstances, needs and prospects of MSMEs in Nigeria. While MSMEs are recognized as critical to growth and poverty reduction, the growth and competitiveness of MSMEs are dependent on both factors internal and external to firms. Internal factors include human skills, entrepreneurial capacities, managerial and technical resources. External factors include the business environment, macroeconomic framework, science and technological infrastructure and international trade and economic globalization. The study reviewed business environment of MSMEs in terms of cost of doing business, access to productive resources – physical space, finance, technology, inputs and information, energy and transportation and infrastructure. Other factors appraised include fiscal, monetary, trade, exchange rate and overall macroeconomic climate, regulatory and legal framework, service delivery by government MDAs and private operators and investment incentives and enterprise support systems. The study also reviewed practices and experiences of other comparable countries in the development of MSMEs.

The study identified low entrepreneurial, managerial and technical capacities and capabilities in the MSMEs sub-sector. Other factors militating the growth and competitiveness of MSMEs in Nigeria were identified to include poor unreliable infrastructure and harsh business environment, poor service delivery – heavy regulatory burden and high incidence of informal sector, low international competitiveness. The absence of coherent policy and institutional framework for coordination and promotion of MSMEs constitutes a gap in the development of MSMEs, which is addressed by the National Policy on MSMEs.

Based on insights from the background reviews of the MSMEs sub-sector and stakeholder assessments of as encapsulated in the Background Paper, the project prepared the draft National Policy on MSMEs for scrutiny by stakeholders. The vision of the National Policy is an MSME sub-sector that delivers optimal benefits of sustainable growth, employment generation, wealth creation, poverty reduction in the domestic economy, while maintaining internationally competitiveness. The mission is to promote the growth and competitiveness of MSMEs in Nigeria. The purpose of the National Policy is to enunciate a binding framework of objects, principles and directions by which MSMEs programmes, interventions and initiatives will be designed, implemented, monitored and evaluated. The Policy derives from the overarching national economic reform agenda – the National Economic Empowerment and Development Strategy and is based on the principles of public-private partnership, stakeholder ownership and evidence-based knowledge and understanding of MSMEs policy needs. An important tenet is synergy of the National Policy on MSMEs with other national MSMEs-affecting policies and programmes.

The draft National Policy on MSMEs outlines key objectives, strategies and programmes for influencing development of MSMEs. The Policy delineates several programmatic areas as follows: legal and regulatory services, human resources development, technology, research and development, extension and support services, infrastructure, marketing and finance. Also, special target enterprise categories are identified and elaborated. The report proposes institutional framework for the implementation and monitoring of the National Policy, with SMEDAN as the primary responsible institution. An action plan and institutional framework for the implementation of the National Policy on MSMEs is also proposed.

## **1 INTRODUCTION AND BACKGROUND**

### **1.1 GENERAL INTRODUCTION**

Nigeria's National Development Policy is based on the new National Economic Empowerment and Development Strategy (NEEDS), complemented by SEEDS at the State level and LEEDS at the Local Government level. On the economic development front NEEDS is anchored on the private sector as the engine of growth - for wealth creation, employment generation and poverty reduction. While the government is the enabler, facilitator and regulator, the private sector is the direct investor and manager of business. This strategy poses serious challenges for partnership between government and the private sector in the growth and development of a vibrant and productive economy.

Nigerian private sector enterprises cover a wide range of type as distinguished by various criteria such as size, sector, ownership structure, employment and technology. To be effective, national policies on private sector development must address the specific needs of the various categories of enterprise. Non-farm micro, small and medium enterprises account for over 25 per cent of total employment and 20 percent of GDP. By global standards large enterprises are very few in Nigeria. They account for a disproportionately large share of the GDP. Because their links with the rest of the economy are weak, their impact on economic growth has been limited and often distorted. The challenge of national economic development requires not only that the needs of each group are addressed but also that the linkages among them are optimised for focused integrated development

Over the years Government has enunciated a large number of national policies addressing various sectors areas of national development. Many of these have implications for MSME development and must be taken into account in the enunciation of MSMS policy. Indeed, within the NEEDS framework, all sectoral policies work together for the attainment of national development objectives. Their success requires the harmonious involvement of all relevant ministries, department and agencies (MDAs) at the various levels of government.

## 1.2 THE SIGNIFICANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES IN DEVELOPMENT

The significance of micro, small and medium scale enterprises for the growth, productivity and competitiveness of the economies of developing countries is universally recognised. Not only do they provide employment and income for the bulk of the population, as well as the primary source of new jobs, they have been acknowledged as critical breeding and nurturing grounds for domestic entrepreneurial capacities, technical skills, technological innovativeness and managerial competencies for private sector development.

## 1.3 DEFINITION OF MSMEs IN NIGERIA

From the point of view of national policy enterprise may be classified by size, sector, organisation, technology and location. These variables interact with one another in complex ways which must be taken into understanding the nature, characteristics, performance, problems and challenges of business enterprises. From the perspective of policy and planning, size provides the most practical basis for classification.

The usual criteria include one or more of the following: employment, turnover, assets, and paid-up capital. However, definitions vary from country to country relative to the overall size and structure of the domestic economy. For the purpose of a coherent national policy, it is necessary to establish a standard definition in order to provide a common object of reference by stakeholders. Based on nuanced assessment of existing national perspectives on the taxonomy of MSMEs, the National Policy on MSMEs adopts a classification based on dual criteria: employment and assets (excluding land and buildings), as follows:

Table 6: Classification adopted by National Policy on MSMEs

	SIZE CATEGORY	EMPLOYMENT	ASSETS (N million) (excluding land and buildings)
1	Micro enterprises	Less than 10	Less than 5
2	Small enterprises	10-49	5 – less than 50
3	Medium enterprises	50-199	50- less than 500

Where there exists a conflict in classification between employment and assets criteria (for example, if an enterprise has assets worth seven million naira (N7m) but employs 7 persons), the employment-based classification will take precedence and the enterprise would be regarded as micro. Employment-based classification tends to be relatively more stable definition, given that inflationary pressures may compromise the asset-based definition. In choosing these definitions, cognisance was taken of all possible factors, including international comparisons and peculiarities of the various sub-sectors/enterprises.

## **1.4 CHARACTERISTICS AND PERFORMANCE OF MSMEs IN NIGERIA**

MSMEs cover the entire range of economic activity sectors in Nigeria. Their problems are many but they share a number of common problems. These include low market access, poor access to credit, poor information flow, discriminatory legislation, poor access to land, weak linkage among different segments of the operations in the sector, weak operating capacities in terms of skills, knowledge and attitudes, as well as lack of infrastructure. There are also weak safeguards against occupational health and environmental hazards.

However, each of the three size categories of MSMEs has its own special characteristics and problems, and requires policies appropriate to it.

### **1.4.1 Micro Enterprises**

.An official document published in 2001 A Study of Nigeria's informal Sector put the estimated number of non agricultural micro enterprise at 6.49 million with a total employment of 8.97 million. This group is dominated by wholesale and retail trade which accounts for about 49% of employment and manufacturing (30%). Other numerically significant sectors include repair of vehicles (3.2%), transport (2.9%), hotels and restaurants (2.6%) and building & construction (1.8%). Manufacturing is dominated by food processing (18.7%), textiles, clothing & leather goods (3.8%), wood and wood furniture (3.3%) and metals and metal products (1.1%)

The typical micro enterprise is operated by a sole proprietor/manager aided mainly by unpaid family workers and the occasional paid employee and apprentice. Output value is very low; a recent survey of informal enterprises put it at an average of N15, 000 per annum. The levels of technology and skills are also very low. However, with the entry of many unemployed school leavers, including secondary school leavers and graduate of tertiary institutions, there is much

scope for upgrading technology and skill level in existing enterprises and for the rise of new high-technology based enterprises. Funding is mainly from individual resources, with a little help from family and traditional mutual fund societies (esusu). Government interacts very little with individual micro enterprises, except through the occasional cooperative or other officially recognised groups. Bank loans are rarely sought and more rarely obtained. Micro enterprises have two strong points in their favour. They are numerous and ubiquitous. Even a small improvement in their productivity and output will result in large improvements in employment, income and productivity in every nook and corner of the country. But dealing with them requires sensitivity, empathy and a community-focused approach.

#### **1.4.2 Small Enterprises**

Small-scale enterprises (with employment from 10 - 49 persons) cover much the same spectrum of enterprise types but are concentrated in the more modern, more sophisticated end. While most of them are sole proprietorships, a significant number are incorporated businesses. This segment has a large reservoir of educated manpower and technical skills, as well as improving access to the banks. It has the highest potential for growth through nurturing, capacity building and support. Organisationally, they are well represented by professional and trade associations.

#### **1.4.3 Medium Enterprises**

Medium size enterprises are formal face of Nigerian enterprise. Concentrated in a few sectors, notably manufacturing, transportation, information and communication technology, they are fairly well organised and well connected. They have fairly good access to government and the financial system. Few in number and restricted in scope, they represent the notorious "missing middle" of Nigeria's private enterprise system.

### **1.5 GOVERNMENT AND MSMEs DEVELOPMENT IN NIGERIA**

The development of MSMEs in Nigeria has a chequered history. Under colonial rule, with the avowed policy of treating the colonial countries as estates to be developed for metropolitan trade, local industries were neglected, and in some instances actively discouraged in favour import promotion. Yet at independence Nigeria inherited a still vigorous small business sector, with small-scale manufacturing accounting for some 15% of manufacturing output in 1960.

Adopting a strategy of import substitution industrialisation, the new national governments encouraged large-scale industries by foreign investors and established some themselves. At regional/state government level efforts were made, through micro-credit schemes to support small business, but the fundamental problems of small scale business were not systematically assessed. By the 1980s the small scale manufacturing sector had shrunk to about 10% of manufacturing output.

Although the potential of small scale enterprise has long been recognised, it was not until the 1980s, under SAP, that national policy made their promotion a major development priority. Since then several programmes, especially those addressing employment creation, poverty reduction, women empowerment and youth development, have made small scale business a primary strategic focus of their activities. Specific programmes and measures addressing the needs of small business have tended to concentrate on improving access to credit, although some have incorporated capacity development and other critical measures. The establishment of Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) is the first major attempt to tackle the problem in a coordinated manner.

## **2 FUNDAMENTALS OF NATIONAL POLICY ON MSMEs**

### **2.1 VISION AND MISSION**

The National Policy envisions MSMEs sub-sector that can deliver maximum benefits of employment generation, wealth creation, poverty reduction and growth to the Nigerian economy. It foresees an MSME sub-sector growing in scope, skills, technology and size, and increasingly able to compete effectively in local, regional and global markets. Its mission is to enhance the contribution of MSMEs to national output, employment and poverty reduction and build the MSME sub-sector as a solid foundation for the competitiveness, growth and sustainability of the Nigerian economy.

### **2.2 FUNDAMENTAL OBJECTIVES**

Recognising that the success of MSME policy depends on the activities and interactions of the many relevant actors and stakeholders, both public and private, one of the grand objectives of MSME policy is to provide an overall framework of action as a guide for well focused, harmonious and coordinated programming by all actors.

Another grand objective is to set clear goals and targets in the various key areas to ensure policy consistency and provide monitoring and evaluation criteria.

## **2.3 BROAD STRATEGY**

Taking its bearing from the overarching NEEDS Strategy, the MSME strategy is based on public-private partnership, collaboration and cooperation among stakeholders. Accordingly, it sets out clear roles and responsibilities of stakeholders - government vis-à-vis private sector and civil society. It advocates synergy with other MSME-affecting policies and programs in other sectors, based on close integration of MSMEs measures within the national sectoral development policies on industrialization, science and technology, education and training. It rallies stakeholders to undertake measures to promote the growth and sustainability of MSMEs.

MSMEs development will focus on supporting enterprises to move up to higher value added links in the value chains, particularly for labour-intensive and low technology-based enterprises. It will also promote outright movement to higher value added chains such as medium and high information and communication technologies.

The development of MSMEs will be underpinned by both social and economic considerations. While some categories of enterprises (e.g. micro) may be emphasised for primarily income generation and livelihood objectives, small and medium enterprises as well as comparative advantage category of enterprises will be targeted for broader objectives of employment generation and international competitiveness. So, in addition to framework measures, the National Policy emphasizes targeted measures to cater for peculiar circumstances and needs of different MSMEs categories and segments. Targeting will be aligned to the performance experiences and challenges of the different sub-sectors. The strategy will support well-performing enterprises or sub sectors to realize fully their growth and competitiveness potentials, while also addressing ailing and poor-performing enterprises or sub sectors with remedial measures.

The strategy is designed against the background of the need to inculcate a stronger awareness and orientation towards the appropriateness, adequacy and sustainability of MSME promotional strategies and measures. Central to the strategy is the consultative and legitimisation process which serves to stimulate dialogue, continuous consultation, regular reviews and shared

understanding among policy makers, MSME operators and other stakeholders on the challenges, opportunities and imperatives of MSME development.

### **3 KEY POLICY AND PROGRAMME AREAS**

The overall objective of the National Policy on MSME is to create, nurture and promote the necessary conditions for the growth and development of MSMEs. The policy is based on close partnership and cooperation between the various levels of government and community organisations on one hand and private enterprises and business organisations on the other. It encompasses seven broad policy/programme areas as follows:

1. Institutional, Legal and Regulatory Framework
2. Human Resource Development
3. Technology, Research and Development
4. Extension and Support Services
5. Marketing
6. Infrastructure
7. Finance

#### **3.1 INSTITUTIONAL, LEGAL AND REGULATORY FRAMEWORK**

Most MSMEs operate in the informal sector (now called informal economy) and are largely outside the official framework of regulation and support. The National Policy on MSME provides an appropriate institutional and legal framework for the promotion and support of the development of MSMEs and their full integration into the key concerns of national economic policy.

MSME policy will focus on the following key areas:

- Business Registration
- Land Use Planning, Land and Property Rights

- Contract Enforcement and Dispute Resolution
- Labour Laws and Regulations
- Tax Administration
- Standards and quality Regulations
- Alternative Dispute Resolutions.

### **3.1.1 Business Registration**

#### *Objectives*

- To promote the transformation of informal MSMEs to formal sector so they can be fully integrated into the economy
- To facilitate and simplify the registration of MSMEs in order to obtain and maintain up-to-date information on the number, performance and needs of MSMEs

#### *Strategies*

- Sensitize MSMEs on the benefits and advantages of formal registration
- Establish one stop shop at all tiers of government.
- Establish a fee paying structure that enhances MSMEs Development.
- Set up registration desks or liaison offices in MSME-clusters around the country
- Partner with business membership organizations to facilitate the registration of MSMEs with the relevant authorities

### **3.1.2 Land/ Property Rights and Land Use Planning,**

#### *Objectives*

- To ease access to land and land registration for business and commercial purposes

- To ensure orderly and environment-friendly location of businesses including industrial parks and estates in towns and communities.

#### *Strategies*

- Review the Land Use Law in order to simplify and regularise access to land for business
- Ease the processes and procedures for registering land, property title and consent.
- Facilitate MSMEs access to workspace and physical development

### **3.1.3 Contract Enforcement and Dispute Resolution**

Government is committed to the rule of law and enforcement mechanisms to protect private property, ownership and contract rights.

#### *Objectives*

- To promote investor confidence by ensuring a legal system that is simple, fair, transparent and accessible to MSMEs, their clients and customers.
- To minimize cost and time taken to settle disputes arising from commercial contracts
- To encourage the development of institutionalized alternative dispute resolution mechanisms throughout the country

#### *Strategies*

- Strengthen the existing and planned alternative dispute resolution systems to serve MSMEs more effectively and sustainably
- Sensitise MSMEs on the availability and workings of the alternative dispute resolution systems and encourage them to utilize them
- Support training and capacity building programmes in alternative mediation, arbitration and conciliation

### **3.1.4 Tax Administration**

#### *Objectives*

- To reduce the cost and time taken to process tax payments by MSMEs
- To streamline the taxes paid by MSMEs in order to reduce incidence of multiple taxation
- To simplify the tax administration system in order to make it more predictable, transparent and less cumbersome

#### *Strategies*

- Promote the reform of tax laws at the federal, state and local government levels in order to make the tax institutions more friendly to MSMEs
- Eliminate tax raids and multiple check points for collecting different types of rates, tolls, permits and levies from MSMEs
- Document and disseminate the tax obligations of MSMEs on regular basis in order to improve awareness and predictability of tax payments
- Through dialogue and consultation between the various tiers of government and business organisations to rationalise, reduce and simplify the taxes paid by MSMEs
- Extend tax holidays and other incentives to MSMEs.

### **3.1.5 Labour Laws and Regulations**

#### *Objective*

- To promote labour laws and regulations, that protect the mutual interest of workers and employers.

### *Strategies*

- Review existing labour laws to provide for the special needs of MSMEs
- Grant reliefs and exemptions in the application of existing laws as would protect and advance the special interests of specific groups of MSMEs
- Sensitize MSMEs on labour legislations such as workmen Compensation Act, Factories Act etc.
- Facilitate MSMEs access to safety, health and Environment information services and support.
- Support Training and skills building to promote safety and health issues within MSMEs.

### **3.1.6 Standards and Quality regulation**

#### *Objectives*

- To promote awareness on the vital roles standards and quality play in economic development.
- To encourage utilization of National and International standards and regulations by MSMEs towards sustainability and global competitiveness.

#### *Strategies*

- Sensitize MSMEs on the existing standards and regulations and the benefits thereof.
- Establish MSMEs friendly windows at all tiers of government that will facilitate easy access to standards and regulations.
- Provide incentives that will encourage MSMEs towards meeting national and International standards for competitiveness.

### **3.1.7 Alternative Dispute Resolution**

#### *Objective*

- To provide a less cumbersome, swift and cheaper ways of settling disputes between small business operators

### *Strategy*

- Initiate, publicise and institutionalise negotiation, mediation, conciliation, judicial mini-trial (also called pre-trial conference), expert determination and ombudsman as possible options for dispute settlement

## **3.2 HUMAN RESOURCE DEVELOPMENT**

The policy agenda is to create a critical mass of entrepreneurial, managerial and technological skills for the growth and competitiveness of Nigeria's MSMEs. Towards this, government will pursue capacity building for swelling numbers of school leavers, university graduates and existing SMEs operators.

### *Objectives*

- To ensure an effective provision of relevant educational and skills training for MSMEs by educational and training institutions
- To support the creation and expansion of opportunities for in-service and continuing education and training for MSMEs owners, managers and workers
- To create avenues and programmes for the nurturing and dissemination of special skills needed for the improvement of product range and quality, output and productivity of MSMEs.

### *Strategies*

- Incorporate entrepreneurial and business skills in the curricula of tertiary institutions
- Establish special non-formal education and training courses and programmes for MSMEs owners, managers and workers
- Promote and establish Business Support Centers (BSCs) in all the States & LGAs in collaboration with State Governments, Business Membership Organisations (BMOs).

- Promote and establish Business Information Centers (BICs) in all the Local Government Councils in collaboration with the LG authorities, business communities and apex cooperatives.
- Establish special programmes for updating the skills and upgrading the technology and process of enterprises.
- Encourage MSMEs to conduct regular skills audit to identify skill gaps and measures to mitigate them
- Establish special programmes for updating the skills and upgrading the technology and processes of enterprises in traditional crafts and industries, such as textiles, leatherworks, iron working, pottery, basketry, which have high potential not only for meeting the basic needs of the communities but also of powering the development of tourism and export markets.
- Design industry-specific technical and management training modules to take into account the needs of entrepreneurs in special target areas.
- Establish institutional mechanisms to accredit and certify MSME entrepreneurs and managers
- Set up special science, engineering and technology training centres for practical hands-on training for both existing and aspiring entrepreneurs and their managers.
- Privatised the Industrial Development Centres to make them responsive, viable and demand-driven
- Partner with private sector organisations to implement cluster-based entrepreneurship training programmes
- Create “One Stop Shops” for the development of MSMEs at the Local and State levels.
- Strengthen existing vocational centers .

### 3.3 TECHNOLOGY, RESEARCH AND DEVELOPMENT

Government is committed to promoting sound technological infrastructure as well as effective research and development (R&D) systems for the growth and competitiveness of MSMEs.

#### *Objectives*

- To promote MSMEs utilization of modern and appropriate technology and innovation from Research and Development Institutions.
- To promote MSMEs utilization of modern technology and innovations from research and development institutions
- To strengthen S & T infrastructure and nurture improved local innovative and productive capacity
- To maximize the beneficial impact of R & D in areas such as raw materials sourcing, production technology and methods, product development and market exploration
- To improve confidence in the patenting and copyright systems and so encourage private investments in R & D activities – *transparent and effective enforcement*

#### *Strategies*

- Support the activities of complementary public technology-promoting institutions, such as: Industrial Training Fund (ITF), National Office for Technology Acquisition and Promotion (NOTAP), Federal Institute for Industrial Research, Oshodi (FIIRO), Project Development Agency (PRODA) Enugu, Raw Materials Research and Development Council (RMRDC), National Centre for Technology Management (NACTEM), Technology Incubation Centres (TIC), and National Agency for Science and Engineering Infrastructure (NASENI), Energy Commission, etc.
- Provide universities and research institutes with special grants for research and innovation activities relating to growth and development of MSMEs
- Facilitate the process for the commercialization of innovative products and technologies produced by research institutes

- Support the production of prototypes and local fabrication for more efficient production by MSMEs through grants and capacity building.
- Create improved access to patents and benefits from intellectual property in relation to MSMEs development
- Establish technological acquisition windows through licensing, franchising, technical assistance, consultancy services, technical partnership and support for strategic alliances among firms
- Create joint cooperation between businesses and academia in such areas as joint research, program development and internship arrangements at both graduate and postgraduate levels.
- Support MSMEs to make strategic use of information and communications technology to maximize their efficiency and develop new business methods and market opportunities
- Research institutes should be encouraged to buy research results en bulk and improve them for the Nigerian situation. This should entail acquisition of expired patents (abroad) that are still relevant to us and use reverse engineering to customize them.

### **3.4 EXTENSION AND SUPPORT SERVICES**

Government will take measures to promote capacity building for MSMEs to ease business start-ups and expansion.

#### *Objectives*

- To provide relevant, adequate, timely, accessible and affordable extension and support services to MSMEs
- To establish and promote the operations of specialised support services to MSMEs in critical areas such as information resources, business development services, market linkages and liaison, technical support services, information and communications technology (ICT).

## *Strategies*

### **3.4.1 Information Resources**

- Compilation of comprehensive, updated and accessible database (directory) on MSMEs in Nigeria
- Establish network of regularly updated and accessible business information centres to serve as one-stop information shops for MSMEs
- Dedicate aspects of SMEDAN website to promote resources on Nigeria's MSMEs

### **3.4.2 Business Development Services**

- Establish business support centres (BSCs) to provide training, mentoring, management and technical advisory and counselling to MSMEs
- Provide training for business development service providers (BDSPs) to supply affordable and relevant technical and advisory services to MSMEs
- Institute accreditation procedure for BDSPs to ensure quality control on services delivered to MSMEs
- Forge organic relations between MSMEs and business development service providers to ensure relevance and impact

## **3.5 MARKETING**

Every MSME operator has profitability at the back of his mind. This can only be achieved when goods and services are successfully exchanged for a reasonable value. This makes the issue of marketing very pertinent in the MSMEs sector in Nigeria. MSME operators have a range of products and services which need to be marketed but unfortunately are bedeviled with a lot of constraints. Government has expressed commitment to ensure that MSMEs' share of local markets is enhanced through building tendering capacities, improved share of public sector procurement and strategic alliances and greater cooperation between MSMEs and the large enterprises. The broad approach should be public-private sector partnership in harnessing domestic and export markets.

### *Objectives*

- To promote production and marketing of products and services that are locally/internationally competitive and which meets global standards.
- To provide access to market information and available marketing facilities.

### *Challenges*

- Poor packaging
- Inadequate market information
- Multiple and over lapping regulatory framework which leads to high costs as well as loss of self confidence
- High cost of advertisement
- Poor infrastructure
- Poor quality products
- Market identification and development
- Weak access to market
- Weak product competitiveness

### *Strategies*

- Provision of improved infrastructure and marketing facilities with special emphasis on transportation, communication and electricity
- Government procurement of at least 40 percent of her needs from MSMEs
- SMEDAN should create necessary apparatus for marketing research for MSMEs, the result of which must be disseminated to interested MSMEs
- Establishment of annual competition/awards for quality
- Organization of product fairs for quality comparison and improvements
- Harmonization of activities of regulatory agencies like NAFDAC, SON and CPC to eliminate multiple charges and enhance competitiveness

### **3.6 INFRASTRUCTURE**

Government is committed to providing adequate and reliable infrastructure – power, water, sanitation, social amenities, in order to improve the growth and competitiveness of the MSMEs sector, particularly in designated industrial clusters and business districts .

#### *Objectives*

- To establish a conducive environment for enterprise development through the provision and maintenance of infrastructural facilities and services, in consultation and cooperation with the private sector.
- To promote special infrastructure provision mechanisms designed to ease high production costs among MSMEs

#### *Strategies*

- Provide basic infrastructural facilities, such as access roads, transportation facilities, power and water supply and other utilities to designated MSME locations and clusters
- Establish public-private partnership systems to support business estates and industrial clusters with essential technical facilities and services
- Utilize the system of economic, industrial and free trade zones to promote MSMEs development

### **3.7 FINANCE**

Many financial problems constrain the development and performance of MSMEs. Lacking a strong assets base and viable securities, the typical MSME has very limited access to bank credit. The weak development of complementary financial options such as insurance, equipment leasing, and hire purchase further limits their financing opportunities. Government is committed to eliminating the financing constraints to MSMEs. The key step in this direction is the enunciation of the Microfinance Policy for Nigeria, under the auspices of the Central Bank of Nigeria. Government will take measures to enhance state resources for MSMEs financing as

well as provide tacit encouragement and support to private sector and social/non-profit organizations to supply innovative and diverse financial services.

### *Objectives*

- To reduce the financial constraints on the creation, operation and expansion of viable and sustainable development of MSMEs sector
- To improve sustained access to and beneficial utilization of finance for business start-up and expansion
- To ensure synergy between financing schemes and other complementary enterprise support programmes

### *Strategies*

- Promote Business Development Service (BDS) to enhance the access of MSMEs to finance and equity investment
- Encourage establishment of venture capital company and reorientation of existing financial operators to finance MSMEs
- Create Micro, Small and Medium Enterprise Development Funds that is private-public sector driven
- Provide fiscal incentives, including tax exemption for MSMEs
- Sensitize and supporting the MSMEs to form cooperative societies, association and clusters to enable them access loan and credit facilities
- Establish interest draw back schemes for MSMEs
- Establish special credit guarantee scheme for MSMEs
- Include MSMEs operators in implementation of MSMEs policy
- Revamp the 2<sup>nd</sup> tier market and establish a 3<sup>rd</sup> tier market at the stock exchange
- Create credit bureau to collate and document information about MSMEs, borrowers and their risk ratings
- Broaden the scope of acceptable collateral for MSME lending
- Promote the integration and modernization of the traditional lending and micro finance institutions into the MSME financing framework

- Develop Finance Institutions such as BOI, NACRD e.t.c. should device instruments to be able to lend not less than 75 percent of their portfolio to MSMEs
- Dedicate a proportion of the SMEEIS for capacity building and marketing programmes for the MSMEs
- Support the implementation of the Microfinance Policy for Nigeria to generate maximum benefits to MSMEs
- Establish special credit guarantee scheme for MSMEs
- Create credit bureau to collate and document information about MSMEs credit, borrowers, and their risk ratings
- Establish a Small and Medium Enterprise Development Fund dedicated to the specific requirements of small and medium enterprises
- Organize capacity building and institutional support programmes for venture capital and equipment leasing firms
- Support the establishment of non-governmental microfinance institutions and microfinance banks as provided for in the Microfinance Policy for Nigeria
- Encourage groups of MSMEs to initiate mutual funds and other credit institutions for collective self help.

#### **4 SPECIAL TARGET ENTERPRISES**

In consideration of their size and/or significance for the promotion and growth of MSMEs and the development and productivity of the economy, specific programmes will be implemented for a number of special target areas. Within the framework policies and initiatives defined by the National Policy on MSMEs, government will devote special attention to peculiar sub-sectors and enterprises to realize strategic social, community and economic development goals.

These areas include:

- Micro Cottage Food Processing Enterprises

- Cottage Arts and Crafts
- Textiles and Clothing
- Wood Processing and Furniture
- Leather and Leather Products
- Basic Metal, Metal Fabrication and Engineering Enterprises
- Solid Mineral Enterprises
- Electronic and Information Technology Enterprises
- Building and Construction Enterprises
- Oil And Gas Related Good and Services.
- Entertainment Enterprises
- Women-Owned Enterprises
- Youth-Owned Enterprises
- Special Enterprises for Physically Challenged People, including People Living with HIV/AIDS

#### **4.1 MICRO FOOD PROCESSING ENTERPRISES**

Food processing enterprises are the most common and ubiquitous of micro and small enterprises. They account for about two-thirds of all micro enterprises and are found everywhere serving the basic food needs of local communities in both towns and villages. Most of the owners and operatives are women.

Agro-processing industries represent an important link in the agricultural value chain, agricultural transformation and commercialisation. Government will promote private sector-led and market driven growth of the agro-processing sub sector, in order to enhance domestic economic linkages and agricultural productivity and reap fully the potentials of agricultural sector

for growth and poverty reduction. The emphasis will be on commodity value chains in order to maximise employment, value added and commercialisation in key clusters.

## **4.2 COTTAGE ARTS AND CRAFTS**

With its many cultures and traditions Nigeria has a rich and diverse heritage of traditional arts and crafts. There is need to protect, develop and promote these arts and crafts in order not only to serve the domestic market more adequately but also to build up an external tourist and export market.

Government will identify, support and promote specialised groups of producers which have potential for the development of high quality, nationally and internationally traded products. Emphasis will be on promoting producer organisations and supporting them with technical and extension services for product improvement and marketing

## **4.3 TEXTILES AND CLOTHING**

Developments in the global economy have enhanced the competitiveness of producers of textiles and clothing in developing countries. China, India and other emerging Asian economies have taken advantage of this. Under the United States AGOA programme and other donor initiatives Nigeria and other African countries now have the opportunity to do likewise and increase the range and volume of their textile to the expanding markets of the high income countries.

Most of the producers of textiles and clothing in Nigeria are small-scale enterprises. For some years, the textile industry in Nigeria has suffered from foreign competition, leading to closure of factories, drop in market share and loss of jobs. Not even the import ban on textiles has ameliorated the situation. New innovative safety net measures are required to save the local textile industry from total collapse. Government will promote the organisation of the producers into viable producer cooperatives and other organisations and take adequate steps to encourage standardisation and ensure quality control. Government will also facilitate the establishment of linkages with external markets.

#### **4.4 WOOD PROCESSING AND FURNITURE**

According to recent surveys wood products and furniture enterprises account for about 5 percent of non-agricultural MSMEs serving the basic needs of the people for shelter, from building materials and fittings to household furniture, they are a conspicuous fixture in the business landscape of every community. The enterprises range from the simple village carpenter's shed to the sophisticated urban furniture showroom. They also include a wide variety of traditional crafts associated with professional guilds and specialized communities in various parts of the country, some of which are finding expression in new forms adjusted to modern tastes and the emerging global market

The development of MSMEs in wood products and furniture face many challenges. These include skills acquisition and capacity building, raw material sourcing and development, quality control and product standardization, and market development. At the micro-enterprises level operators will be encouraged to form cooperatives for procurement of quality materials, shared access to modern machinery and equipment and the organisation of the production of standardized products for an increasingly quality-conscious market. Government agencies as well as other large-scale organisations will be encouraged to procure their building material and furniture requirements from tested and certified MSME producers.

#### **4.5 LEATHER AND LEATHER PRODUCTS**

With its large livestock population, particularly cattle, sheep and goats, Nigeria has the raw material resources for a thriving leather and leather goods industry. Indeed in pre-colonial times the products traditional leather industry of the Sudan zone were among the principal commodities of the Tran-Saharan trade, much of the world-famed "Morocco Leather" actually coming from Kano. However, under the impact of lagging technology and more competitive imports the industry has declined. In recognition of the potential of the industry, one of the earliest research and development institutes established by the Federal Government was the Leather Research Institute, with primary focus on and improved technology and product development. Government will expand its involvement in the development process by promoting the organisation of leather workers into viable cooperatives and providing training and extension services for their modernisation. Government will also promote official patronage of local leather products and the cultivation of the export market, particularly for the tourist trade.

In addition to traditional products, Nigerian enterprises have also established a significant presence in modern leather products, particularly in the shoe industry which has found a ready and growing export market. This development will be reinforced by technical training courses as well as technical support services at the major clusters. Measures will also be taken to establish and enforce product quality standards, to encourage the establishment of reputable local brands, and to take advantage of AOG and other bilateral trade agreement and opportunities to regularise and expand the export market

#### **4.6 BASIC METAL, METAL FABRICATION AND ENGINEERING ENTERPRISES**

With about 5% of its GDP derived from manufacturing, against a world average of 21% and a low income countries average of 18%, Nigeria is one of the least industrialised countries in the world. One of the major causes of this is the weakness of the basic metals, metal fabrication and engineering sub-sectors, which are needed to produce the capital goods, especially machinery and equipment, fabricate the hardware, spare parts and consumables, and provide the engineering services for a more integrated, more self-reliant national industrial system. The Nigerian manufacturing sector is still dominated by consumer goods output heavily dependent on imported equipment and raw materials and with very few and weak linkages with the domestic economy.

Government will promote and support the vibrant development of this sub-sector through special incentives to qualified enterprises. There will be special programmes for skills development and enhancement in critical target areas, such as vehicle mechanics, welders, forges and machine shops

#### **4.7 SOLID MINERAL ENTERPRISES**

Nigeria is very rich in solid minerals. Official records have documented about 35 solid minerals occurring in some 450 locations across the country. But there has been no comprehensive survey and much of the known reserves remain under-developed and unexploited. Yet the high potential contribution of solid minerals to Nigeria's economic development has been recognized. According to an official statement they have a combined capacity to provide 5 million jobs in both upstream and downstream operations. Indeed it has been estimated that solid minerals have the potential of contributing more to the Nigerian economy than oil and gas.

Consistent with these emerging perceptions Government has adopted a new policy for the systematic exploration, assessment, development and exploitation of solid minerals. A seven-year strategic plan has been approved for diversifying the solid minerals industry. Critical programmes under this plan include investment promotion and the establishment of a solid minerals information system.

Under the policy MSMEs are assigned a critical role. In addition to the about 300 registered mining establishments, most of which are MSMEs, Government has brought into official purview and framework of action the thousands of small-scale miners previously stigmatized as “illegal miners”, with a view to organizing and regulating and supporting them. The new policy aims at improving the technical, environmental, health and social conditions of small-scale mining operations and communities. SMEDAN will liaise with the relevant MDAs, especially the Ministry of Solid Minerals Development (MSMD) and the Raw Materials Research and Development Council (RMRDC) in addressing the special problems of MSMEs in solid minerals.

#### **4.8 ELECTRONIC AND INFORMATION TECHNOLOGY ENTERPRISES**

This sub-sector of MSME, representing the high end of the technology spectrum, is presently small. It is however dominated by highly educated, innovative and enterprising owners and operatives willing and able to respond to expanding opportunities. Government will encourage and support its development by promoting the establishment of technology parks and serviced industrial clusters and providing opportunities for technological capacity building.

Government will also encourage greater South-South collaboration by promoting cooperation and joint ventures with appropriate enterprises from the emerging economies. Much of the growth of this sub-sector in the emerging economies is based on out-sourcing from developed economies. Government will promote the establishment of the necessary linkages to facilitate inter-industry linkages and value chain development in Nigeria.

#### **4.9 BUILDING AND CONSTRUCTION ENTERPRISES**

The building and construction industry plays a critical role in the provision and maintenance of basic infrastructure. However, in Nigeria the sub-sector is plagued by high cost and low quality of production and service delivery. Government will give priority to materials research in order to develop new and more appropriate materials and technologies.

Government will also establish technical standards and promote the upgrading of the skills of the operatives. Government will also promote the development of proficient small and medium scale construction companies and encourage them to organise as cooperatives and combines capable of handling large public and private sector projects

#### **4.10 OIL AND GAS-RELATED GOODS AND SERVICES**

In spite of the heavy impact of oil and gas revenues on the Nigeria's Gross Domestic Product, the sector operates as an economic enclave with very few and weak linkages with the rest of the national economy, generating little employment and using less local goods and services. To reduce the unduly high external dependence of the sector, government has, through the Cabotage Act sought to reserve some categories of supplies and services to domestic enterprises. MSMEs are the major beneficiaries of this development. Government recognises that legislation is not enough to bring about change. Accordingly Government will stimulate, encourage, promote and support the efforts of MSMEs enterprises and enable entrepreneurs to start up and grow enterprises in the relevant areas.

Recent surveys have established that opportunities abound in a large variety of areas including:

- Manufacturing
- Spare parts fabrication
- Utilisation of surplus refining capacity
- Fabrication and refurbishment of spare parts locally
- Production of common chemicals:
  - Industrial /food grade solvents
  - Insecticides
  - Cosmetics
- Mineral oil, petroleum jelly greases

- Bitumen-based water/damp proof building materials
- Asphalt storage, packaging and blending plants
- Warehousing arrangement for continuous supply of spare parts at competitive prices and JIT (just in time) basis;
- Services:
  - Exploration Services
  - Drilling Services
  - Chemicals and Allied Material Supply Services
  - Construction Services
  - Pipeline/Production Services
  - Consultancy Services
  - Laboratory Services
  - Marine Survey/Cargo Superintendence Services
  - Marine/Special Transportation Services
  - Pressure Testing Services
  - Calibration Services
- Small scale joint venture with foreign partners, providing technical expertise on:
  - Plant maintenance
  - Skilled manpower development; and
  - Technical services (operational back up, technical audit, etc)

Government will encourage linkages between the big oil and gas operators and existing and prospective MSMEs, leading to the establishment of full cooperation and collaboration in the development of MSMEs and the assurance of stable long-term markets for MSME goods and services.

#### **4.11 ENTERTAINMENT ENTERPRISES**

Nigerian home movie enterprise popularly known as Nollywood has been ranked 3<sup>rd</sup> in the world next to Bollywood of India and Hollywood of the United States of America. This does not include the potentials that abound in the music, cultural, stage performances, the stand up comedy and other entertainment groups. Presently, most of these potentials are scattered and untapped in other words underutilized and have resulted to low income and employment generation. Well managed entertainment enterprise in Nigeria will not only contribute to economic growth and development but also boost employment generation.

Government will establish technical standards and promote training to enhance skills improvement and help to protect intellectual property rights of operators in these enterprises. Government will also support capacity building and facilitate the provision of film villages and procurement of state of the art technological equipments.

#### **4.12 WOMEN-OWNED ENTERPRISES**

The marginalisation of women enterprise and its beneficial impact on the economy as a whole have long been recognised. In some sections of the economy, such as retail distribution, micro food processing, and traditional crafts (including pottery and textiles) women are the major players. Here productivity and income tend to be very low. In other sections women are effectively excluded or have very restricted roles.

Over the years, government has introduced many policies and programmes to encourage the fuller and more productive participation of women in the economy. Such specific programmes include the programmes of ministries of women affairs at both federal and state levels as well women oriented programmes in ministries of agriculture and rural development, trade and industry, and the National Directorate of Employment. There are also many non-governmental organisations and community based associations, as well as international donor agencies, involved in promoting women development.

Many of the interventions involve the expansion and improvement of the role of women in MSMEs. Government will keep the situation under constant scrutiny and review, liaise with all the stakeholders and ensure that the various efforts are rationalised, harmonised and coordinated towards the common goal. The promotion and support of community-based organization for MSMEs development will receive special attention by promoting and encouraging the formation of association of women entrepreneurs by trade/clusters. The formation should be private sector driven.

#### **4.13 YOUTH-OWNED ENTERPRISES**

Defined as persons aged from 15 to 29 years youth account for about 27 percent of the population and 51 percent of the prime working age population (15-59years) Nigerian youth are a very marginalised and deprived segment of the population, accounting for the highest level of unemployment and more than half the prison population. Yet there is great unutilised potential in them. About 95 percent of them are literate and more than a third have secondary level education, but there are very few openings for wage employment. Most of them are forced to seek a living in the micro-enterprise informal sector as hawkers, apprentices, arts and crafts and minor technical enterprises.

The challenge of youth employment is to create and nurture a new cadre of youth willing and able to start and run their own enterprises by themselves or in association with others. Government policy will focus on how to promote and support this development. The burgeoning Information and Communication Technology (ICT) sector offers many opportunities for youth enterprise. Since youths typically do not have funds, collateral or business track record, the availability of high risk venture capital is essential. Government will encourage and support the establishment of appropriate funds. Communities will be encouraged to set up funds to absorb some of their local demand. Youth should also be encouraged to take full advantage of training and support opportunities generally available.

One of the reasons for high youth unemployment is the poor access to information on such employment opportunities as exist. Government will establish at state and local government levels employment bureaus not only to register the unemployed but also to document and disseminate local job opportunities and match applicants to jobs. Private agencies will also be encouraged and supported

#### **4.14 SPECIAL ENTERPRISES FOR PHYSICALLY CHALLENGED PEOPLE, INCLUDING PEOPLE LIVING WITH HIV/AIDS**

Most policies neglect enterprises that are for the physically challenged people including people living with HIV/AIDS as well as other numerous physically challenged people such as the crippled, the deaf and dumb, the visually impaired and other disabled people. Government will encourage enterprises to employ them as well as training them to fit into different MSMEs. The special training will endow them with special skill to make up for their deficiencies. SMEDAN will support and facilitate such training programmes.

### **5 STAKEHOLDERS IN MSMEs DEVELOPMENT**

The development of MSMEs involves a wide spectrum of institutions and organisation both public and private. These include the enterprises and their organisations, other business institutions and organisations, civil society organisations, Government organisations, and international organisations and agencies, business associations and civil society organisations.

A list of institutions in MSME development is given as follows:

**FEDERAL GOVERNMENT**

**The Presidency**

SMEDAN  
National Planning Commission  
National Bureau of Statistics  
NAPEP  
NEPAD NIGERIA  
NIPC

**Federal Ministry of Agriculture and Rural Development**

Department of Rural Development  
Cooperative Colleges  
Department of Cooperatives  
NACRDB

**Federal Ministry of Science and Technology**

FIIRO  
NOTAP  
RMRDC  
NASENI  
PRODA  
ECN  
NABDA  
TIPN  
NACETEM  
NITDA  
NBTI  
National Biotechnology Development Agency (NABDA)  
NNMDA

**Federal Ministry of Finance**

CBN

NEXIM Bank

Budget Office

**Federal Ministry of Labour and Productivity**

National Directorate of Employment

Entrepreneurship Development Programme

**Federal Ministry of Commerce**

Corporate Affairs Commission

Nigerian Export Promotion Council

Nigerian Export Promotion Zones

Commodity Associations

NEPZA

**Federal Ministry of Industry**

Standards Organisation Of Nigeria

Small and Medium Industries Department

BOI

ITF

**Federal Ministry of Women Affairs and Youth Development**

Department of Women Affairs

National Youth Service Corps

National Centre for Women Development

Citizenship and Leadership Training Centre

**Federal Ministry of Health**

NAFDAC

Other Federal MDAs (Ministry of Inter Governmental Affairs, Special Duties and Youth Development; NYSC, Citizenship and Leadership Training Centre, National Assembly, Ministry of Justice, NLRC, Ministry of Education, Ministry of Environment, Ministry of Health, Department of Public Health, Pharmacist council, NIPRD, NAMDA and FCT).

STATE GOVERNMENT (State Ministries of Commerce, Industry and Agriculture, Tax, Land, Property/Physical Development, Investment Agencies/Departments)

LOCAL GOVERNMENTS

BUSINESS ASSOCIATIONS/ORGANISATIONS

African Business Roundtable (ABR)

Nigerian Economic Summit Group

National Association of Women in Business (NAWIB)

NASME

Nigerian Association of Chambers of Commerce, Industry, Mine and Agriculture (NACCIMA)

National Association of Small Scale Industries (NASSI)

Manufacturers Association of Nigeria (MAN)

Market Associations

Trade Associations

Cooperative Unions

Women in Management and Business

Nigeria Association of Small and Medium Enterprises (NASME).

LARGE SCALE ENTERPRISES

INTERNATIONAL DEVELOPMENT PARTNERS

## **5.1 POLICY COORDINATION AND FACILITATION: THE ROLE OF SMEDAN**

SMEDAN shall have the overall responsibility for coordinating the implementation of this National MSME Policy. It will function as the National Secretariat of the Consultative Committee on the National Policy on MSMEs and shall publish an annual MSME Report. This aligns very well with current international experience, which indicates that an effective way of ensuring a well focused, and integrated approach is to establish a dedicated agency for planning, facilitation, support and coordination of specific efforts. The Consultative Committee, which will be hosted by SMEDAN, will comprise federal agencies such as the Central Bank of Nigeria, Federal Ministry of Industries, Nigerian Investment Promotion Commission, National Planning Commission, Corporate Affairs Commission, National Agency for Drug Administration and Control (NAFDAC), and Standard Organisation of Nigeria (SON). Private sector organizations such as Nigerian Economic Summit Group, Manufacturers Association of Nigeria, Nigerian Association of Small and Medium Enterprises, National Association of Small Scale Industrialists, representatives from Nigerian Universities and Research Institutes and other agencies relevant to the monitoring and feedback on the National Policy on MSMEs would also be represented on

the Committee. SMEDAN will also coordinate the activities of all MSME stakeholders and will be responsible for organising monitoring and evaluation of implementation of the MSME Policy.

The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) was established by an Act of the National Assembly (as amended). The declared vision of SMEDAN is “to establish a structured and efficient micro, small and medium enterprises sector that will encourage and enhance sustainable economic development of Nigeria”. Its mission is “to facilitate and promote the access of MSMEs to resources required for their growth and development”. SMEDAN acts in partnership with other public and private sector stakeholders and play a leadership or gap-filling role to ensure cost-efficiency, effectiveness, impact and sustainability. The structure and detail functions of SMEDAN are spelt out in its enabling Act, but the following can be highlighted as its major functions:

- Awareness creation/business sensitization & information provision – for attitudinal changes and effective business decisions
- Business Development Service (BDS), embracing training, counseling and mentoring – providing the platform for MSMEs to see themselves as players in a globalized environment
- Promotion of enterprise networking/cluster formation – stimulating economies of scale and international competitiveness (working with existing and prospective)
- Advocacy, policy development and improvement in MSMEs’ operating environment
- Promotion of linkages and access of MSMEs to vital resources, especially finance and workspace

Further details about SMEDAN can be obtained from its enabling Act of 2003 (and the amendments).

## **5.2 OTHER INSTITUTIONS/AGENCIES**

Government ministries, departments and agencies implementing MSMEs programmes will anchor their strategies and methods on the framework of principles, guidelines and benchmarks

contained in the National Policy on MSMEs. This is necessary to avoid inconsistencies in MSMEs development initiatives and maximize complementary institutional relationships and inter-agency coordination towards the overall vision of the National Policy on MSMEs.

Private sector stakeholders including MSMEs entrepreneurs, managers, workers, business membership organizations in the formal and informal MSMEs subsectors (like the National Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA), the Manufacturers Association of Nigeria (MAN), Nigerian Association of Small and Medium Enterprises (NASME) and their trade groups, the National Association for Small Scale Industrialists (NASSI) as well as thousands of trade associations, guilds, cooperatives and unions at regional, local and community levels), and other MSMEs support institutions such as the banks and financial institutions, business development service providers will rally their programmes and initiatives around the National Policy on MSMEs. The National Policy provides ample space for private sector involvement in the promotion and development of MSMEs in Nigeria. Advocacy for the National Policy on MSMEs is therefore a collective responsibility of all the partners.

### **5.2.2 Role of International Development Partners**

International development partners including the UNDP, UNIDO, World Bank, DFID, USAID, EU, CIDA, GTZ, SIDA, ECOWAS, NEPAD, and IFAD and others have been making important contributions to the development of MSMEs in Nigeria. Not only do they provide funding support for critical initiatives, they facilitate access to global best practices in policy targeting of MSMEs. International development partners have provided a broad range of support to the three tiers of government

Government will closely coordinate and monitor the programmes and activities of international development partners to ensure they are harmonized and aligned with the objectives and strategies of the National Policy on MSMEs. Areas where assistance will be needed from international development partners include:

- Building MSMEs policy and programme development capacity
- Capacity building for MSME financing and

- Developing capacity for private sector business development services provisioning
- Support for process and product development
- Facilitating technology transfer
- Capacity building for business competitiveness
- Developing market development institutions
- Networking and organizational development of business organisations

### **5.3 MONITORING, EVALUATION AND FEEDBACK**

Towards proper coordination of this Policy, there will be a broad-based Consultative Committee on the National Policy on MSMEs. The Consultative Committee on National Policy on MSMEs shall be apex monitoring organ. It shall have the responsibility to initiate monitoring exercises, track progress and identify gaps and recommend remedial measures. In order to institutionalize a systematic monitoring framework, the Consultative Committee will commission independent monitoring teams on regular basis, perhaps on half-year basis. The study teams will undertake periodic assessment of the National Policy, diagnose problems and needs relative to the overall economy and recommend possible solutions. The report of the expert teams will form Working Paper for the Consultative Committee.

The Consultative Committee will, on the heels of the adoption of the National Policy on MSMEs, undertake the documentation of baseline data and statistics for the National Policy. The baseline report will contain review of key MSMEs statistics and indicators at the commencement of the implementation of the National Policy. The baseline documentation will then provide important benchmarks and context to judge the progress and impact of the National Policy, after say 3-5 years of implementation. The Policy may thereafter be revised to update it to unfolding economic and social imperatives affecting MSMEs in Nigeria.

**ACTION PLAN AND INSTITUTIONAL FRAMEWORK FOR THE IMPLEMENTATION OF THE NATIONAL POLICY ON MSMEs**

STRATEGIES AND MEASURES	ACTIONABLE STEPS AND TASKS	RESPONSIBILITY		TIME FRAME <sup>1</sup>		
		Primary	Secondary	S	M	L
<b>BUSINESS REGISTRATION</b>						
Sensitize MSMEs on the benefits and advantages of formal registration	Conduct publicity and awareness campaigns	SMEDAN	BMOs			
Establish MSME-friendly registration windows at the Corporate Affairs Commission	Create special desks for MSMEs registration at CAC	CAC				
The CAC should simplify and shorten registration procedure.	Registration procedure should be completed within 48hours.	CAC				
Establish registration offices in key MSMEs clusters	Set up registration desks in business districts, commercial centres and industrial areas	CAC	State Govts.			
<b>LAND AND PROPERTY TITLING AND USE</b>						
Review the Land Use Law to simplify access to land for business	Amend sections of the Land Use Law to make acquisition more secured	NAAS	MOJ, SMEDAN			
Ease the criteria and procedures for registering land and property	Design simpler and more transparent procedures for land transactions and titling	State govts.				
Reduce the time taken to complete land and property titling.	Registration of land and property should be completed within 40 working days.	Local Governments	State Govts. SMEDAN, MOE			
Facilitate MSMEs access to decent and environment-friendly workspace	Assist MSMEs to obtain workspace in commercial and industrial areas	State govts.	SMEDAN			
<b>CONTRACT ENFORCEMENT AND DISPUTE RESOLUTION</b>						
Strengthen the existing and planned alternative dispute resolution systems	Reform/update alternative dispute resolution laws to suit MSMEs conditions	Min of Justice	SMEDAN, MoLP State Govt, LGAs, BMOs			
Sensitize MSMEs on the workings	Conduct publicity, advocacy and awareness	Min of Justice	SMEDAN, State &			

<sup>1</sup> S=short-term (less than 12 months); M= medium -term (between 12 and 24 months); L= long-term (more than 24 months)

STRATEGIES AND MEASURES	ACTIONABLE STEPS AND TASKS	RESPONSIBILITY		TIME FRAME <sup>1</sup>		
		Primary	Secondary	S	M	L
of the alternative dispute resolution and to utilize them	campaigns		LGs, BMOs, MoLP			
Encourage court systems to create fast-track windows for MSMEs	Set up special facilities for MSMEs business/contract disputes	Courts	SMEDAN, State & LGs, BMOs, MoLP			
Training and capacity building in alternative dispute resolution systems	Carry out training courses and special programmes for lawyers, MSMEs, etc	Min of Justice	SMEDAN, State & LGs, BMOs, MoLP			
<b>TAX ADMINISTRATION</b>						
Reduce tax regulatory burden on MSMEs	Eliminate tax raids and multiple tolls on MSMEs	Fed/State/Local Govts.				
	Rationalize tax administration to reduce overlapping between tiers of government	Fed/State/Local Govts.				
	Document and disseminate whole tax obligations of MSMEs according to sectors and to all tiers of government.	Fed/State/Local Govts. Tax offices				
<b>LABOUR LAWS AND REGULATIONS</b>						
Review existing labour legislation such as the Workmen's Compensation Act, Factories Act to be more MSMEs-friendly	Reform of existing labour laws to improve safety and human dignity	Min of Justice	Min of Labour SMEDAN, ILO, Labour Unions			
Encourage compliance to labour laws.	SMEDAN should encourage compliance to labour laws by MSMEs.	SMEDAN	Labour Unions, ILO, MoLP			
<b>HUMAN RESOURCE DEVELOPMENT</b>						
Make educational system more responsive to the industry needs.	Incorporate entrepreneurial and industry skills in the curricula of secondary and tertiary institutions	NUC, NERDC, NABTEB	ITF, PTDF,			
	Establish special non-formal education and training courses and programmes for MSMEs.	Min of Educ, BMOs	NDE, Devpt. Partners			
	Strengthen existing vocational centers.	NABTEB, ITF	PTDF			

STRATEGIES AND MEASURES	ACTIONABLE STEPS AND TASKS	RESPONSIBILITY		TIME FRAME <sup>1</sup>		
		Primary	Secondary	S	M	L
	Assist MSMEs to conduct regular skills audit and fill gaps	SMEDAN, BSPs		■	■	■
	Establish institutional mechanisms to train, accredit and certify MSMEs entrepreneurs and managers	Trg & Mgt Institutes		■	■	■
<b>TECHNOLOGY, RESEARCH AN DEVELOPMENT</b>						
Facilitate access of MSMEs to productivity-enhancing technology innovations, research and development results	Provide universities, private sector technology developers and research institutes with competitive special grants for research and innovation to develop technology products for MSMEs	Fed Min of Edu, NUC, NBTE, FMST	SMEDAN	■	■	■
Enhance synergy between the various federal government agencies that promote technology and innovations for MSMEs	Establish coordination programmes to link SMEDAN and technology and innovations-support agencies of the Federal Government (RMRDC, NOTAP, NACTEM, NASENI, PRODA, FIIRO, TIC and private sector technology developers)	SMEDAN FMST			■	■
Increase supply of right technological products from R & D institutions to MSMEs	Increase rate of development of prototype, adaptation and local fabrication of equipment and machines and create awareness about their uses.	FMARD, FMST, other relevant agencies, private sector technology developers.	BMOs, SMEDAN		■	■
Enhance the relevance and impact of information and communication technology on MSMEs	Establish more training and capacity building centers for MSMEs.	SMEDAN NITDA	BDSPs, Development Partners		■	■
Increase functional linkages between academia and industry	Create joint programmes between MSMEs and academia-research through internships, joint research and collaborative diagnostics	SMEDAN ITF			■	■
Improve awareness, appreciation and applications of technological products and innovations by MSMEs	Organize regular technology fairs and exhibitions to expose technological products and innovations for MSMEs.	Research and Development Institutions, FMST	SMEDAN BMOs	■	■	
	Organize MSMEs to acquire technological products and innovations. Provide technical support & packaging.	RMRDC, NOTAP, SMEDAN, Technology Incubation Cenres.	SMEDAN, S&T	■	■	■
<b>EXTENSION AND SUPPORT SERVICES</b>						

STRATEGIES AND MEASURES	ACTIONABLE STEPS AND TASKS	RESPONSIBILITY		TIME FRAME <sup>1</sup>		
		Primary	Secondary	S	M	L
Enhance MSMEs access to information on business start-up and expansion	Produce and disseminate electronic database and information portal on MSMEs resources	SMEDAN				
	Strengthen the existing business information centres – more update, rich and diverse	SMEDAN, BMOs	NDE			
Increase supply of and demand for business development services – technical, managerial, financial, expansion planning, etc	Organize awareness campaigns on existing business development services	SMEDAN BMOs				
	Train and network business development service providers to become more responsive and effective	SMEDAN PSOs				
Develop matching mechanisms that disseminate information, bring firms together and help build mutual trust between MSMEs and large firms	“Provide technical and financial incentives to support group activities by strengthening systems and management of BMOs and BDSPs to perform matching functions”.	FMI, SMEDAN, FMARD	State govts			
<b>QUALITY ASSURANCE GRADING AND STANDARDIZATION</b>						
Strengthen standard and quality control Agencies.	Prepare and disseminate standards in MSMEs products and services	SON				
	Engage regulatory agencies in setting and adopting product and service standards	SMEDAN , NAFDAC, Other relevant agricultural agencies.	BMOs			
<b>EXPORT DEVELOPMENT</b>						
Appropriately position and strengthen export promotion programmes and e-commerce for MSMEs.	Refine and adapt existing export incentives schemes and promotion to facilitate MSMEs growth.	FMC, SMCI, SMEDAN, Foreign Affairs and NIPC. while ACP -EU Desk ECOWAS, NEPAD OPS.	Development Partners NACCIMA, MAN.			
	Support linkages between trading and real MSMEs by utilizing trading firms to spearhead entry into export markets	NPC	FMI			
Identifying the export country's export potentials and registration of Nigerian exporters.	Organize awareness campaigns to know those interested in export business before registration	NEPC	SMEDAN, MAN, NACCIMA			

STRATEGIES AND MEASURES	ACTIONABLE STEPS AND TASKS	RESPONSIBILITY		TIME FRAME <sup>1</sup>		
		Primary	Secondary	S	M	L
Enhance business information on export business, overseas trade fair, processing foreign trade enquiries, etc.	Produce and disseminate information to all practicing exporters.	NEPC	SMEDAN, MAN, NACCIMA			
Creation of artificial enabling conditions within geographical enclaves to attract companies to establish export-oriented factories and other industrial facilities Establishment of permanent National MSME export pavilion in trade fair complexes in Lagos, Kaduna and Enugu	Administration of the Nigerian export processing zones programme and giving new approval for the new ones.  Physical display of micro, small and medium enterprises' products made in Nigeria and ready for export.	NEPZA  SMEDAN				
Export training and capacity building	Equipping the operators with the required knowledge and information	SMEDAN in partnership with the Institute of Export of Nigeria (IOEN)	MAN, NACCIMA			
Encourage strategic export alliances and partnering between large firms and SMEs	Create special export facilitation windows for strategic international partnerships involving MSMEs	NEPC, SMEDAN FMF	NEPAD, ACP-EU EPA, ECOWAS			
<b>ENHANCING MSMEs SHARE OF DOMESTIC MARKET</b>						
Increase MSMEs share of government procurement	Create special windows and facilities to enable MSMEs access procurement in government MDAs	Government SMEDAN	MDAs, FMF, Oil Joint Venture Partners, BMOs			
Increase MSMEs share of procurement by large firms and multinationals	Initiate subcontracting exchange schemes	SMEDAN, FMI,	BMOs, NGOs			
Promote domestic market infrastructure and institutions	Identify and fill gaps in internal trade information, payment systems and market research	FMC, SMEDAN	NACCIMA, NPF, NCS, FMJ			

STRATEGIES AND MEASURES	ACTIONABLE STEPS AND TASKS	RESPONSIBILITY		TIME FRAME <sup>1</sup>		
		Primary	Secondary	S	M	L
Enact procurement law and underpin partnering and collaboration between large enterprises and MSMEs. Develop and implement local content policy.	Initiate stakeholder consultations and drafting of the bill	SMEDAN, FMI, BMOs				
<b>DEVELOPMENT OF INDUSTRIAL AND ENTERPRISE CLUSTERS</b>						
Utilize knowledge centres and innovation institutions such as universities to catalyse the development of EPZs and clusters	Develop suitable benchmarks for exploring and targeting industrial or business clusters	SMEDAN, FMI, FMC, PHCN, NCC, NITDA, FIIRO	NIPC, NEPC, NASSI, CBN, FMF, FMW, SMCI			
	Identify infrastructural, organizational and efficiency gaps and problems in existing clusters	SMEDAN, NUS, FMI, FMC.				
	Provide target clusters with full range of business development services (BDS), support mechanisms and institutions.	SMEDAN, BDSPs, Nigerian Universities				
Design and implement public – private sector collaboration in providing infrastructure and productivity improvement schemes in clusters	Develop linkages between universities, polytechnics and industrial/enterprise clusters	SMEDAN, NUS, RIs				
Strengthen organization and governance of existing industrial clusters	Sensitize and enlighten industrial clusters about inter-firm collaboration, group organization	SMEDAN, FMI, FMST, State Govts	BMOs			
	Provide matching grants to state and local governments that support the development of industrial clusters in their areas	FMF, FMI,	SMEDAN			
Provide infrastructure in the clusters, particularly electricity and water	Designate clusters as special priority consumers of electricity and water and establish public-private partnerships (PPP) in the provision of key infrastructure	PHCN, FMI, SMEDAN, State Governments	BMOs,			
<b>FINANCING AND CREDIT</b>						
<b>MEDIUM – TO LONG – TERM CREDIT</b>						

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STRATEGIES AND MEASURES	ACTIONABLE STEPS AND TASKS	RESPONSIBILITY		TIME FRAME <sup>1</sup>		
		Primary	Secondary	S	M	L
Recapitalization of the development finance institutions	Increase paid up capital of BOI, NACRDB to N100b each.	Federal Government of Nigeria	BOI, NACRDB			
Effective utilization of SMEEIS scheme	Create more awareness about the SMEEIS and build capacity of MSME to qualify for the scheme.	CBN, Bankers Committee, Commercial Banks	MSME associations – NASSI, NASME, SMEDAN, BDSPs			
Deepening and effective utilization of Pension funds.	Bring more workers into the new contributory pension scheme. Pension Fund Administrators to make investment fund available to MSMEs.	FGN, State Governments, Local Governments. NLC, OPS.	Pension Fund Administrators, Commercial Banks.			
	20% of Pension Funds should be made available through appropriate institutional mechanism to MSMEs as long-term funding					
Encouraging credit scoring systems for efficient credit client screening, appraisal and monitoring.	Get all credit clients of all banks and financing institutions into a credit scoring grid that is transparent and shared.	CBN, Bankers Committee, Commercial Banks.	Credit Rating Agencies, Commercial Banks, Other financial institutions.			
Increase the capacity of banks to lend to MSMEs	Improve commercial bank lending to MSMEs through capacity building /training of MSME desk officers in the banks, as well as through retailing of funds through selected Microfinance Banks (MFBs)	CBN, Bankers Committee, Commercial Banks	CBN, Commercial Banks, Microfinance Banks.			
Establish a Micro-, Small and Medium Enterprise Development Fund (SMEDEF)	Design structure and institutional relationships of SMEDEF	SMEDAN, CBN				
<b>VENTURE CAPITAL/EQUITY FINANCING</b>						
Increase the awareness of MSMEs of the existence and benefits of venture capital schemes.	Encourage the emergence and development of a vibrant venture capital market in Nigeria through an effective awareness campaign. Tax holidays of up to five years should be considered for new venture	SMEDAN, CBN, FMOF	SMEDAN, NASME, NASSI, NACCIMA, BDSPs			
Develop a data base for entrepreneurs that qualify for venture capital investments.	Gather data about the sectors, lines of business, profitability, ownership structure, location and age of selected enterprises.	SMEDAN, FMI	NASSI, NASME,			

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STRATEGIES AND MEASURES	ACTIONABLE STEPS AND TASKS	RESPONSIBILITY		TIME FRAME <sup>1</sup>		
		Primary	Secondary	S	M	L
Institute adequate regulatory mechanisms for venture capital operations in Nigeria.	Develop a policy framework for the operations of venture capital companies (VCC), and enact a law to regulate their operations.	FMOF, SEC, National Assembly (NASS)	SEC			
Assist venture capital providers to access long-term funds such as pension funds, development finance, donor funds, etc.	Encourage owners of long term funds to invest in VCCs.	FMOF, CBN,	Pension Fund Administrators, BOI, Donors			
Provide incentives such as tax breaks to entrepreneurs and investors to invest their profits in the country.	Granting of tax holidays to VCCs.	FMOF, FIRS	BIR, Local Governments.			
Create easy exit for venture capital companies from established companies through refinancing from the capital market.	Creating of special capital market instruments to guarantee refinancing of VCCs' investments.	FMOF, SEC, NSE.	Capital market operators.			
Establish links with and attract successful Nigerian businessmen in diaspora to utilize Investment opportunities in emerging local sectors like IT	Embark on investment drives targeted at Nigerian businessmen in Diaspora and friends of Nigeria.	SMEDAN, FMI, FMC, NIPC	Chambers of Commerce and Industry			
Develop the capacity of entrepreneurs to access the SMEEIS funds	Capacity building and orientation of MSMEs	SMEDAN, BDSPs, CBN, Bankers Committee.	BDSPs, Bankers Committees, SMEDAN			
Redesign SMEEIS to make it more amenable to the venture capital/equity financing needs of MSMEs	Introduce features that are tailored to circumstances and conditions of MSMEs	Bankers Committee, CBN				
<b>EQUIPMENT LEASING</b>						
Promote awareness of the benefits of leasing to MSMEs in Nigeria.	Carry out public awareness campaigns on leasing options and opportunities for asset financing	SMEDAN, ELAN	Leasing Companies			
Provide incentives to leasing companies targeted at MSMEs.	Provide special import duty concessions for equipment imports by leasing companies.	FMOF, FMOF, CBN	Nigeria Custom Services, FIRS.			

STRATEGIES AND MEASURES	ACTIONABLE STEPS AND TASKS	RESPONSIBILITY		TIME FRAME <sup>1</sup>		
		Primary	Secondary	S	M	L
Establish sound legal and regulatory framework for leasing industry	Enact a Leasing Law and abrogate the Hire Purchase Act	FMJ, SMEDAN, NASS	BMOs			
<b>CREDIT GUARANTEES</b>						
Establish Credit Guarantee Scheme for non-agricultural MSMEs	Establish a credit guarantee scheme that will cater for non-agric MSMEs.	FMOF, FMI, FMOC, CBN, SMEDAN	CBN, SMEDAN, Bankers Committee.			
Set and monitor benchmarks and guidelines for establishing and running private sector-based credit guarantee schemes.	Introduce regulatory and supervisory guidelines for establishment, and operation of credit guarantee schemes.	CBN, FMOF, SMEDAN	CBN, SMEDAN			
<b>EXPORT FINANCING</b>						
Awareness creation and effective utilization of the services offered by the Nigeria Export-Import Bank (NEXIMBANK)	Encourage MSMEs to access the refinancing facility (RRF), foreign input facility (FIF), local input facility (LIF), stocking facility (SF), export credit guarantee facility (ECGF), etc.	NEPC, SMEDAN, NEXIMBANK	SMEDAN, Media			
Creating awareness and assisting exporters and local banks to access the facilities and services of the AFRI-EXIM Bank.	Mount public outreach at banks and MSMEs to be aware and access AFRI-EXIM facilities and services.	SMEDAN, NEPC, AFRI-EXIM Bank	SMEDAN, Media			
Enhance awareness and encourage banks and exporters to utilize the export finance services of bilateral and multilateral financial institutions such as USEXIM Bank, IFC, AfDB.	Awareness creation about the availability of export finance windows from bilateral and multilateral bodies.	SMEDAN, NEPC, CBN	SMEDAN, NEPC, Media			
<b>CREDIT BUREAUS</b>						
Promote the formation of Credit Bureaus and rating agencies.	Introduce best practice guidelines for the operation of credit bureaus and rating agencies in Nigeria	CBN, Bankers Committee	CBN			
	Awareness and education on the benefits and merits of credit bureaus	SMEDAN, CBN, MBOs				

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STRATEGIES AND MEASURES	ACTIONABLE STEPS AND TASKS	RESPONSIBILITY		TIME FRAME <sup>1</sup>				
		Primary	Secondary	S	M	L		
Develop institutional framework for credit bureaus	Enact legislation to create credit bureaus through public-private partnerships	CBN, SMEDAN, Bankers Committee	FMJ, FMC					
	Issue regulatory and prudential guidelines for operation of private sector led credit bureaus	CBN, FMJ,	SMEDAN, Bankers Committee					
<b>PRIORITY TARGETING OF SECTORS</b>								
Identify sectors and enterprises that have a competitive advantage for export promotion	Studies and assessments to identify sectors and enterprises and recommend critical interventions	SMEDAN, RIs, FMST	NUs, BMOs					
Identify sectors and enterprises that are poorly performing and ailing	Studies and assessments to identify sectors and enterprises and recommend critical interventions	SMEDAN, RIs, FMST	NUs, BMOs					
Target interventions to sectors	Implement interventions to promote frontier sectors – IT, knowledge-based activities, as well as interventions to relieve ailing sectors, e.g. textiles	FMI, SMEDAN	FMC, BMOs					