

## CONCEPT NOTE

### IMPLEMENTATION OF THE ONE LOCAL GOVERNMENT ONE PRODUCT (OLOP) FOR MICRO SMALL AND MEDIUM ENTERPRISES (MSMEs) IN NIGERIA

#### **Background**

One Local Government One Product (OLOP) programme is adapted from world-famous One Village One Product (OVOP) Movement, first implemented in Japan's Oita Prefecture in 1979. As a regional economic development model, it mobilizes local people to translate naturally-available resources (i.e. unique skills/raw materials) of rural communities into value-added, economic activities/products or services.

OLOP emphasizes bottom-top development approach (i.e. Government's role limited to facilitation only), and the expected value-addition is achieved through **processing** using modern production technologies, **quality control** through relevant certifications or licenses and **product branding** for domestic and foreign market. Under the Scheme, a participating community or cooperative may focus on one **(or a few)** products for which it enjoys comparative advantage (or local pride).

#### **Key Principles of OLOP Movement**

OLOP is founded on three basic principles. They are the following:

##### **i). Think Globally, Act Locally (i.e. *Glocal*)**

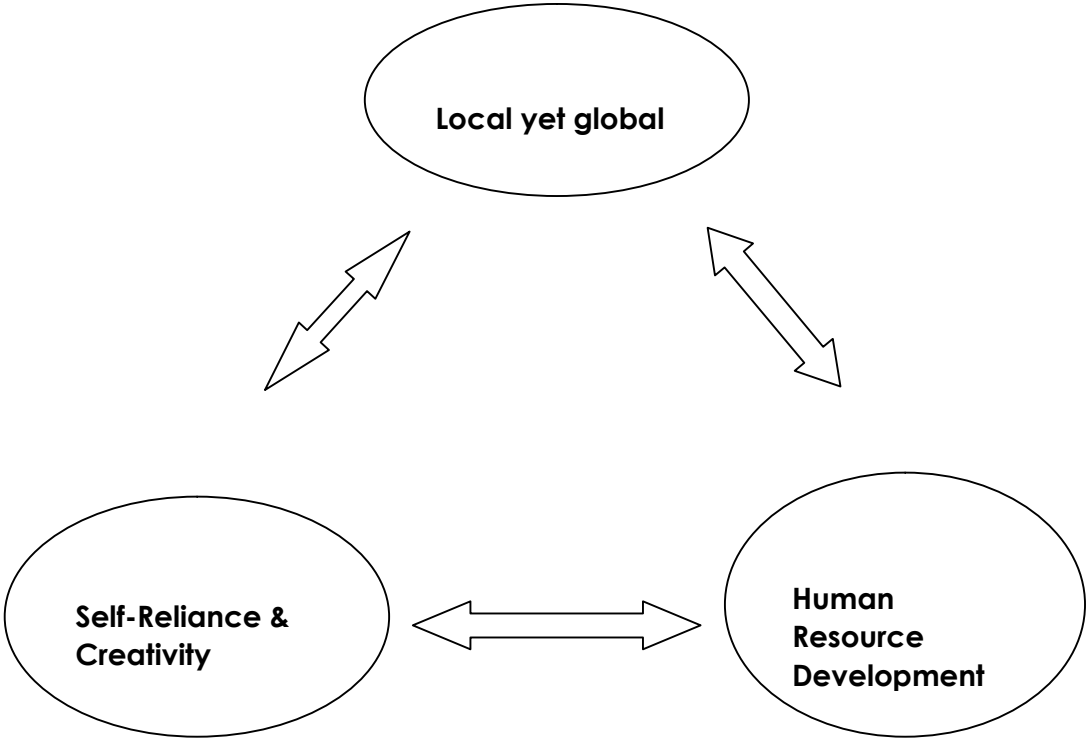
The OLOP programme is about using local resources to create high value-added products. Such local resources are the driving force in OLOP. From the existing resources the communities are then challenged to create products that may be developed into globally marketable products. It is about the **participation of local communities in the economic fortunes of globalization.**

**ii). Self-reliance and Creativity**

The programme is a campaign to facilitate regional development based on local creativity and decision-making (i.e. endogenous). It is the local people who choose their specialty, mobilise resources and thus act to revitalize their region/community. Government acts only as a facilitator to support emergent activities.

**iii). Human Resource Development**

OLOP aspires to cultivate resourcefulness among local people who become the driving force for generating new ideas in agriculture, processing, tourism, commerce and many other fields. This calls for transfer of skills such as literacy, vocational, entrepreneurship and leadership to local communities with the ultimate aim of reducing poverty and creating sustainable jobs through their entrepreneurial actions.



In addition to the three key principles (i.e. keys) analysed above, five other principles that will be distilled over time as the OLOP programme is run are:

- Awareness by locals of their own potential as well as the resources of their region/community.
- Actual production of high-quality products in each community or region.
- Commitment (to productive activity) & continuity (over time), which alone produces tangible result.
- Continual up-grading to higher valued-added products. Necessary to retain and improve market share.
- Secured markets, which alone guarantees continuity of activity.

### **Objectives of the OLOP Programme**

Overall objective of this Programme is to deliver upgraded capacity (human, technological, and financial) to selected viable cooperatives, with a view to improving the productivity and quality of their products to achieve competitiveness and meet national/export standards. Other objectives include:

- To identify/galvanize rural communities around their natural endowment for wealth creation.
- To enhance technical, technological & business management skills of MSEs (esp. existing) as basis for expanding business opportunities of local communities.
- To facilitate emergence of value-added products, with emphasis on quality control, packaging and branding.
- To promote market linkages between MSEs and local/regional markets.
- To promote revitalization of the rural economy in Nigeria.
- To minimise rural-urban drift and generally create a new sense of satisfaction/ well-being in rural communities.

## Action Plan (Elements)

- The current Action Plan is built around the well-known **drivers** of this globally-renown brand, including *Local Action, Global Competitiveness Self-Reliance, Creativity and Human Resource Development*.
- Action is also designed around the interaction of several stakeholders, viz: public sector (i.e. Federal, State/Local Councils), private sector (i.e. Service providers), local communities and OLOP participants to ensure long-term sustainability.
- Action plan has also recognized/provided for peculiar challenges of access to modern equipment, working capital, portable water, power and markets without which value-addition is constrained.

## Enterprise Selection Criteria

- Enterprise Selection: Selection of enterprises shall be by a competitive bottom-top approach (allowing for equitable geographical spread of projects). Similarly, also, all selected enterprises shall be agri-business and /or agro-processing focused. Target groups are women and/or youths.
- Enterprise Type: Organic, community-based enterprises only shall be considered. Community shall repose local pride in the enterprise which must be pre-existing for at least one (1) year. Consequently, selection must be based on either available raw material or local skill (or both).
- Market Potential: Enterprise/product(s) must have established market within the local community, with proven potential for expansion outside the host community (i.e. national/regional market).

## METHODOLOGY

For the actualization of the aforementioned, the Agency shall:

- Select OLOP enterprises and participating private sector Service Providers.

- Provide facilitation grants for equipment procurement/enterprise development to OLOP (through selected Service Providers).
- Be responsible to defray cost of the selected Service Providers.
- Facilitate re-organisation for OLOP group/enterprises.
- Provide capacity building/routine monitoring for OLOP enterprises'.
- Provide technical advisory to OLOP enterprises.
- Work with OLOP enterprises to seek support from host-communities/LGAs/other stakeholders for OLOP enterprises.
- Activate a 1- 2 years exit plan (i.e. regulatory self-sufficiency attained by OLOP enterprise).

### **Deliverables, Benefits and Outcomes of the Programme**

The benefits of this programme will be derived from the improvement of the performance of existing Micro and Small enterprises. Product outputs will be diversified and their quality improved; improved technology, human resource development, self-reliance and creativity, technical skills upgrading and above all, national development. With improved market access, this initiative will ultimately translate into a significant increase in outputs from these enterprises.

### **Workplan**

The proposed workplan and budget for this project is attached as **Annexure A**

**THE SMALL AND MEDIUM ENTERPRISES DEVELOPMENT AGENCY OF NIGERIA (SMEDAN)**

