

2021 NIGER-DELTA MSME SUMMIT

STIMULATING MSME'S GROWTH BEYOND OIL

REVIEW OF PROGRAMME OBJECTIVES,
PROPOSALS PRESENTED AND KEY RECOMMENDATIONS



Background

Micro, Small, and Medium Enterprises (MSMEs), and Entrepreneurship remain pivotal to national development as seen in many developed and developing economies around the world. The potentials of growth for any economy hinges largely on the array of supports and encouragement that small and medium scale enterprises receive in the form of low-interest loans, grants, start-up funding, and seeding, with a plethora of other enablers such as mentorship and peer-to-peer learning, et cetera, which are all designed to position small businesses to attain a position where they can contribute meaningfully to the overall economy and GDP growth.

Africa as the last frontier of global economic development has yet to fully integrate the enabling factors for MSME growth such as the infrastructural support, financial and legislative framework to enable individuals who are eager to start on entrepreneurship process, to begin with, ease. Although there are various policies by the government to enable ease of doing business, the impact is yet to be felt in core aspects of the economy.

While some of the big businesses and most multinational companies are thriving and contributing to employment creation, a vast amount of citizens, especially the youths, have not been able to find meaningful employment hence the need to provide an enabling framework to ensure that individuals can create their jobs and employ others at a very large scale with positive impacts on national development and with multiplier effects in provide sustainable growth and prosperity.

With a population estimated at over 1.2 billion and a combined GDP of about 2.6trillion dollars, Africa which makes up about 16% of the world population with 20% of the world land mass is yet to fully enter into the realms of self-sufficiency. The next level of global growth with the emerging fourth industrial revolution, driven by new technologies and Artificial Intelligence (AI) enablers, will require a new set of skills and capabilities for any country to become fully globally competitive. Sadly, Africa's economies account for only 3% of global GDP combined, making the continent a development laggard and drawback.

Nigeria's economic decline has resulted in the escalation of poverty despite the huge crude oil reserve and abundant human and materials resources which the country posses. Described as the poverty capital of the world, Nigeria's growing poverty rates can be attributed to several factors which include poor management of available resources, corruption, political divisions, insecurity, and several other demeaning factors. However, the factor most responsible for this continues decline of Africa's most populous nation, Nigeria, is the fact

that there is no deliberate and consistent policy focused on wealth creation and private sector, and small business growth.

While the Niger Delta Region is that region that produces the wealth of the nation as the hen that lays the golden eggs with 80% of the national earnings coming from the soil of the region, the Niger Delta is not insulated from the burden of rampaging poverty and growing unemployment which in itself carries the burden of inequality, deprivation, and degeneration. Whereas the environment of the Niger Delta has suffered the worse form of degradation as a result of over 60 decades of consistent oil exploration, the worse calamity that far outweighs the impact of environmental degradation is the near absence of entrepreneurship and wealth creation opportunities amongst the teeming young population.

Niger Delta MSMEs Summit & Lesson from other countries

Given the foregoing, the Niger Delta Micro, Small, and Medium Enterprises Summit (MSME Summit) were birthed to create the necessary impetus and build the needed momentum towards a renewed conversation and to galvanize stakeholders into a framework that will bring about a resilient wealth creation program of action for the region. The failures of over-dependency on crude oil and crises of militancy, among other factors, have contributed to set the region backward by over 50 years. It is the view of the team behind the submit that the Niger Delta can learn from the models implemented in other countries on how to enable small businesses to contribute to national economic development and GDP growth.

It is interesting to look at how China's economic growth was powered by small businesses. Before 1978, China was largely an under-developed economy with a vast amount of its population living below the poverty line. With a growing population, inflation, and high levels of unemployment, the decision to return the Chinese economy to the part of growth followed a deliberate action toward encouraging small and medium scale businesses. Today, China through its clusters of rural and urban-based small businesses has become the production capital of the rest of the world. The same can be achieved with the Niger Delta small and medium enterprises growth strategy.

The implementation of the open-door policy by China ushered in a deliberate emphasis on disinvesting the State-owned enterprise and focus on small enterprise growth using a more socialist model. The expansion in small businesses yielded great results that in 1999 there were over 10 million registered small businesses in China contributing aggressively to China's GDP growth and acceleration of overall national development.

From a position of non-private ownership of business before 1978, China today is gearing to become the world's largest economy through deliberate investment in private ownership of a business with a large focus on small business ownership. Small and medium scale businesses represent about 90% of total firms operating in China today. There is no doubting the fact that China's model represents a great learning experience for the Niger Delta Region.

In the case of India, a nation with over 1.3 billion-plus population and significant poor production and GDP output in the early to late 1970s, India today regardless of its shortcomings, has been able to lift hundreds of millions out of poverty, within just a decade, through a carefully orchestrated small business development plan. How India's economic growth was enabled through small Businesses' funding and supports can be a model for adoption anywhere else especially in the Niger Delta region which has to enable factors such as land, water, and sufficient youth human capital. As of today, SMEs contribute 45% of Indian industrial output and 40 percent of exports with approximately 46 million Micro, Small, and Medium Enterprise sector enterprises across various industries, employing 106 million people.

Similar to India, the Southeast Asia examples such as in the case of Singapore and Malaysia are very apt and adaptable to the Niger Delta environment. In the case of Singapore, the country depended on government planning, flexible planning which enable services and manufacturing-based businesses to flourish. With a framework of the Local Enterprise Technical Assistance Scheme, Singapore can provide both financial and technical supports to small businesses and entrepreneurs while SMEs can secure loans under the Loan Insurances Scheme (LIS) by getting them insured against default. This creates multiple layers of support and preservation for small businesses.

As for Malaysia, MSMEs have been at the forefront of fostering growth, prosperity, and employment through an innovative framework that guarantees their optimal performance and survival. The Malaysian government through a deliberate policy is ensuring that MSMEs continue to contribute over 40% to the total GDP growth year on year thereby providing a resilient framework for tackling poverty through employment generation and sustenance of livelihood of both young and older population. This same can be achieved in the Niger Delta through the framework and action plans being advocated by the Niger Delta MSME summit.

Setbacks and failures to MSME Growth in Niger Delta

Inspect the number of resources and monies invested in the Niger Delta through various agencies and institutions including the various state governments, there has not been enough attention to developing the MSMEs in the region. The Niger Delta Development Commission

(NDDC), with the huge budgetary allocation yearly, has not taken concrete actions to invest and grow the small businesses, neither has the commission established a framework to support and encourage young entrepreneurs in the region. In the same vein, the Amnesty Office has only focused on providing monthly stipends to the youths of the region without fostering deliberate programs or investment in skill acquisitions and small business funding. Whatever has been done by these too-critical agencies has not been enough, and in the same manner as the various Niger Delta state governments. This gap and obvious failures or setbacks justify the need for urgent intervention and more sustainable approaches to growing MSMEs in the Niger Delta.

Interventions to Boost MSMEs in Niger Delta

The various economic intervention models in developing economies that saw the growth of MSMEs in such cases as China, India, Singapore, Malaysia, and others can be replicated in the situation of the Niger Delta region which is facing the same circumstances as these economies before their reforms which has moved these countries from third to first world countries in just about three decades of consistent and deliberate implementation of MSME friendly policies.

The peculiarities of the Niger Delta region in terms of environmental, social and economic concerns are well understood and can catalyze the driving of growth instead of constituting setbacks if the rightful initiatives are put in place to guarantee that MSMEs contribute meaningfully as they should do. The Niger Delta MSME Summit has become a springboard for economic revival in the Region beyond oil. It intends to review stakeholders committed to supporting MSME to provide a structure for the acceleration of MSME growth in the Niger Delta.

The convener of the summit, Moses Siloko Siasia in his opening speech highlighted the challenges while also acknowledging urgent solutions; he succinctly said:

*“A lot of monies have been spent and intervention schemes made in our region but all these interventions are nowhere to be found. As a result of all these inconsistencies, we are advocating collectively for the establishment of a **Niger Delta Entrepreneurship Hub/Village**, this platform will bridge the gap and train out teeming youth for the future, thereby creating a sustainable future. The implementation of a Niger Delta Entrepreneurship Fund with the aim being to engage purposeful businesses and to improve the social-economic status of our Region is the driving force behind this summit. Finally,*

we are advocating for a youth development policy/law backed by the laws of the Niger Delta Region, the federal laws and on an international level”.

Moses Siasia noted that the Summit is not intended to be a one-day event, but a turning point towards a strategic and impactful movement in the Niger Delta Economy. Siasia equally called on young people to seize the opportunity and seek to participate in the emerging ecosystems of entrepreneurship. His words “my fellow young people, my fellow young entrepreneurs, it is time for us to take our destiny into our hands. Oil alone cannot do it. Today, there have been a lot of talks about the human element being the right tool for economic development, and I agree. The future and the destiny of this nation lie in the hands of young people. Those who are contributing to the GDP growth of this nation, our young people”

In his remarks, the Executive Secretary of the Nigerian Content Development and Monitoring Board (NCDMB), Engr. Simbi Wabote who was the Guest Speaker at the summit highlighted the fact that there is an emerging global economic order which the youths should brace up and be a part of its evolution. In his words, “we need to continue with the effort to grow the MSME by challenging young people to engage strategically, to strive and to compete in the new world economic order”. He noted that energy transition has become an immediate reality for which everyone interested in economic development should be mindful, especially the youths of the Niger Delta. Engr. Wabote went ahead to address five fundamental issues which he said were critical to various MSME interventionist efforts.

Firstly, acknowledging that there is a need to ensure the steady shift from oil to sustainable energy Engr Wabote noted that the MSME is the engine room of the Nigerian economy therefore there is a need to address the numerous challenges facing the MSME in Nigeria. He noted that there have been several interventions by the present administration led by President Mohammed Buhari which are geared towards enabling the growth of small businesses, and these included the ease of doing business policy and the other programs such as TraderMoni, and others meant to enable MSMEs in the country.

Speaking further, Engr Wabote said “the efforts of the current federal government to enable MSME include the Federal government intervention fund at single digit, the presidential effort to remove an obstacle for businesses to thrive with ease of registration of business with the Corporate Affairs Commission (CAC), ongoing efforts to construct or rehabilitate more roads and bridges to enable movement of people and goods, the various technology policies to drive innovation and the anchor borrows programs, trader money, agric business intervention scheme, etc”

He highlighted the NCDMB special interventions on MSME growth to include Deployed partway to stimulate growth in the areas of enterprise development, funding, and human capital development. Engr. Wabote worried that at the pace at which energy transition is going, Niger Delta crude oil may end up as the coal in Enugu, where oil will disappear without fulfilling its full potentials. He said by 2040 more than 25% of vehicles worldwide will come from electric cars saying that has brought home the need to have a growth part for new and sustainable businesses in the region.

On his part, the interim administrator and managing director of the Niger Delta Development Commission (NDDC) Mr. Efiong Akwa called for greater investment in MSMEs as a way to create sustainable jobs and to boost the economy of the region. He said the NDDC is undergoing a crucial transformation by way of the ongoing forensic audit, however, that the agency will continue to support the growth of youth-owned businesses in the region.

On his part, the managing director of Heritage Bank Plc, Ifie Sekibo who was Speaker at the summit, while decrying Nigeria's over-dependence on crude oil as a major setback to inclusive growth, called for urgent economic diversification saying "whether it's oil in Nigeria and Angola, coffee in Uganda or copper in Zambia, single-commodity domination of an economy can end up shackling growth". He went further to say "recent studies have shown how susceptible African countries are to economic shocks and fluctuations in currencies and commodity prices. Some are more vulnerable than others because their economies are dependent on the export of one or just a few commodities or primary products. When there is a downturn in commodity prices, mono-product economies such as Nigeria, Angola, and Zambia accordingly suffer economic stagnation".

Sekibo averred that there are urgent reasons why Nigeria needs to urgently pursue diversification noting that it is important to insulate the economy from the dangers of a mono-economy. He explained that the challenges of over-dependence on oil will expose Nigeria to constant price fluctuations emphasizing the need to create more jobs since the oil and gas jobs are only about one percent of the total job available in the county. He called for increased youth participation in MSMSE sectors that are non-oil sectors but that will be major growth drivers such as healthcare, e-commerce, logistics, and supply chain, agriculture, and alternative or renewable energy, sectors which, he said, are the future of global economic growth.

In healthcare, Sekibo noted that the pharmaceutical and Health-tech space is positioned to attract investments and deliver growth post-covid-19 while supporting the weak healthcare system prevalent in the country, just as the technology innovations space will be major growth drivers alongside other critical sectors that will create multiple job opportunities. He

asserted that MSMEs are capable of creating multiple jobs in Nigeria just as it is seen in other developing and developed economies such as China, Indonesia, India, Singapore, and other south-east Asian economies.

Sekibo advocated for MSMEs to adopt sound corporate governance and administrative frameworks that guarantee accountability and can attract investments with diverse and quality board members. He also said many of the challenges facing MSMEs are responsible for lack of growths which include such issues as lack of transparency and accountability and lack of openness to developmental growth. Noting that to help MSMEs to grow, Sekibo said Heritage Bank initiated **“THE NEXT TITAN”** which is designed to bring together young entrepreneurs, from across the country, for business grooming, mentorship and for mainstreaming them into corporate governance enabling frameworks that will position their businesses for growth and scale. The Managing Director of Nigeria’s fastest rising bank asked MSMEs in the Niger Delta not to feel any sense of despair as the big entrepreneurs of today such as Jack Ma of Alibaba, Jeff Bezos of Amazon, and Dangote of DANGOTE Group all started small and from very poor or disadvantaged backgrounds.

Natasha Akpoti, **Founder of Builders Hub Impact Investment Program (BUiIP)** who was a speaker at the summit called for the banks and other financial institutions as well as governments and key stakeholders to pay critical attention to MSME development in Nigeria and especially in the Nigeria Delta to reduce poverty incidences and jumpstart a new culture of productivity among the young population. She said “Everyone is feeling the heat of poverty and how it has spilled over in the high rise of insecurity across the nation”

Specific Frameworks and Recommendations

One of the highlights of the Niger Delta MSME Summit was the call to build an Entrepreneurship Hub in the Region to help Young Entrepreneurs and to hone and teach practical skills to keep young people off the street. The **Niger Delta Entrepreneurship Development Hub (NDED-HUB)** is expected to fund and support micro, small and medium businesses owned by youths in the Niger Delta.

Another key objective **to produce a database of small businesses in the region to provide them with the enabling tools, pieces of training,** and funding required to start, scale, grow, expand and birth new enterprises and for equipping the youths for the future. **There currently no database of MSMEs in the region which can be tapped into for effective**

engagement. The database will help to capture and keep records, year on year, on MSMEs performances.

The second agenda of the summit is the formulation of a youth development policy and framework of growth backed by the law of the various houses of Assembly in the Niger Delta. This is to enable the institutionalization of proper access to opportunities at the state, regional and federal levels as well as the international levels of development. Legislative support for small businesses in the Niger Delta will also guarantee support and survival for the benefit of the regions exploding population of the unemployed army of youths who are turning into crimes whereas their energy can be channeled to meaningful development.

Conclusion

Within the framework of emerging new trends as occasioned by the fourth industrial revolution, on heels of a new trading agreement, the African Continental Free Trade Area Agreement (AfCFTA) which unites the 54 economies of Africa, giving access to trade and free movement of people and goods within the continents, in addition to the recent election or selection of a Nigerian economist and former World Bank managing director Ngozi Okonjo-Iweala to head the World Trade Organization (WTO) as the Director-General, it is evident that the opportunities are ripe for MSMEs in the Niger Delta to be globally competitive and more so when given the right supports and backing as advocated by the MSME summit.

There are clear pieces of evidence that crude oil will not be the driver of economic growth in the future hence the need to focus emerging on areas with emerging new opportunities and potentials like Agriculture, renewable energies, information technology, and the knowledge-driven economy where MSMEs can thrive and provide enabling platforms for prosperity and national development. The lack of financial support from the government, poor management of MSMEs, high-interest loan from banks, corruption, and inadequate infrastructure are some of the contributory factors that have continued to hold back small business from flourishing in the Niger Dells and these new initiatives are desirous to bridge the gap and enable MSMEs achieved growth and address the persistent problems of unemployment, crimes, and criminalities in the region.

END