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The Nigeria Competitiveness Project



Improving competitiveness and exports through value chain development with a focus on inclusivity and innovation

The Challenge

To effectively participate in the global marketplace, create decent jobs and improve livelihoods Nigeria must improve its competitiveness in non-oil sectors. Weakening infrastructure in the utility sector hampers the adoption of the new technology required to improve manufacturing capacity and product quality to allow Nigerian goods to compete effectively in the marketplace. Companies continue to face challenges in processing and production exacerbated by an education system unable to deliver a sufficiently expert workforce. These factors result in business models that struggle to attract lending from both financial institutions and private investors. The consequence for Nigeria is a reduction in entrepreneurial activity, economic diversification, and limited opportunities for commercial growth.

Our Approach

The Nigeria Competitiveness Project (NICOP), commissioned by the German BMZ and co-funded by the European Union under the West African Competitiveness envelope, is being implemented by the GIZ Pro-Poor Growth and Promotion of Employment in Nigeria Programme - SEDIN.

NICOP is dedicated to the support of the key value chains in Nigeria of tomato, ginger, chili, and leather and garment production to promote structural transformation, deliver coordinated growth and address linkage failures to improve access to regional and international markets. Innovative, sustainable, and inclusive approaches accommodating social and environmental concerns are fundamental to NICOP's strategy. NICOP supports micro, small and medium-sized enterprises (MSMEs) to take benefit from opportunities to add value and migrate to new and higher-level tasks along selected value chains.

Project name	Nigeria Competitiveness Project
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ), co-financed by the European Union (EU)
Volume	11 million Euro (9 Mil. Euro EU; 2 Mil. Euro BMZ)
Implemented by	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Project Area	Nigeria
Political Partners	Federal Ministry of Budget and National Planning (FMBNP) and Federal Ministry of Industry, Trade and Investment (FMITI)
Project Duration	August 2018 to February 2023

This is done through a four-tier approach; (1) enhancing the competitiveness at firms' level, especially through work with industrial clusters, with a combination of market development and entrepreneurial training and coaching, (2) strengthening intermediate organisations and inclusive businesses to improve and expand service delivery to MSMEs including quality control and standards certification, greenhouse solutions, market access, competitive pricing of inputs, access to technology and IT-based solutions, (3) supporting advocacy and reforms of regional, federal and state-level policies and regulations to deliver industrial and agricultural competitiveness, and (4) supporting value chain actors to achieve easier access to finance and investment through the adaptation of existing financial products and also through the introduction of innovative sources of finance including crowdfunding, franchising, diaspora funding and impact investment solutions. NICOP assists value chain actors to access funds for investment, in particular with regard to modernizing and upgrading production capabilities to forge strong and durable partnerships with key public and private sector stakeholders across focal states to ensure that ownership and commitment are secured, and the multiplying impacts of the programme provide the required systemic and sustainable solutions.

Where we Work

NICOP activity is focused at the federal level and in seven focal states of Abia, Kano, Kaduna, Lagos, Ogun, Oyo, and Plateau.



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NICOP's support to the key Value Chains

Tailored solutions have been developed for each of NICOP's four value chains



Tomato and Chilli Value Chain

NICOP supports smallholder farmers to improve their quality and productivity through entrepreneurial skills development via Farmer Business Schools and Good Agricultural Practice trainings. This approach has allowed NICOP to provide smallholder farmers with the capacity to achieve the quality and yield expected by prospective commercial partners. Parallel support activity with off takers and processors has allowed NICOP to initiate dialogue on contract farming models ensuring predictable income levels for producers and certainty of supply to improve business models across the value chain. The current focus is on processing and preservation including production of tomato paste and sauces, drying and canning of tomatoes and chillies and other end-consumer products. This is implemented through engagement with large and medium level processors of tomatoes and chilli with established capacity and working with them on increasing their processing efficiency through production, aggregation, and delivery models for processing. The relationships allow NICOP to encourage inclusive opportunities offering beneficial outcomes for target groups, especially women and youths, within a commercially viable investment framework. Building on these strong linkages allows NICOP to support stakeholders in the adoption of innovative technologies for artisanal and small-scale processing in a bottom-up approach in collaboration with cooperatives, private sector actors, and women's groups. Certification of new products with the relevant regulatory agencies further enhances access to formal domestic and regional markets. Wherever possible export opportunities are also evaluated to improve access to foreign markets.

Ginger Value Chain

Ginger production is primarily centred in Kaduna state and has suffered declining yields as a consequence of factors including poor agricultural practice and inadequate investment. NICOP has strengthened the capacity of ginger farmers through a structured training programme encompassing land management, mitigation of post-harvest losses, improving market linkages, and delivery of financial literacy skills. This has empowered beneficiaries to develop efficient production clusters offering higher quality, more competitive products. As these clusters have grown, technological innovations have been introduced such as mechanical ginger planters and harvesters and drying and processing equipment. These products bolster activity at the local level in the creation of artisanal products such as ginger teas, drinks, and herbal remedies demonstrating beneficial outcomes for the primarily female-led enterprises. To further harness the benefits from the international markets, NICOP is also supporting the production, processing, and exportation of certified products. As part of NICOP's certification and marketing strategy actors are exposed to the requirements of various export markets and work with relevant regulatory bodies to ensure they get the requisite registrations to competitively trade overseas.

Leather and Garment Value Chain

The focus here is placed on finished leather goods and finished garments. A key intervention is the entrepreneurial training and coaching for MSMEs and clusters in these sectors. NICOP is also looking to improve the quality, knowledge, and ability to manufacture finished leather goods and garments with emphasis on rapid customisation, mechanisation, division of tasks, product design, production at scale as well as the assurance of homogeneous quality. NICOP also focuses on improving market linkages and supporting the development of domestic brands within the leather and garments clusters, giving particular attention to African prints and designs. BMOs are supported in establishing centres for technical services required in the production clusters.

Business Enabling Environment and Trade Policy Reform

Improving the business enabling environment by removing constraints and filling gaps in the regulatory and administrative support mechanisms is central to any comprehensive competitiveness strategy for the targeted value chains. NICOP is therefore addressing specific regulatory and policy constraints affecting all areas of the selected value chains at local, state, and federal levels. The project is doing this through its support of a comprehensive policy and regulatory environment review, Public-Private Dialogues (PPDs), private sector advocacy, and technical support for the implementation of reforms by





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the public sector. In addition, NICOP facilitates Policy Dialogue which involves discussions among stakeholders to raise issues, share perspectives, find common ground, and reach agreement or consensus, if possible, on policy solutions. Policy Dialogue also helps stakeholders see problems from each other's perspectives and improve understanding of the impact that policies and programmes can have on various groups within the ecosystem. Thus, encourages participation in the policy process and increases ownership, and results in more responsive policies. NICOP is additionally supporting alternative dispute resolution mechanisms to reduce commercial disputes that in turn will incentivize beneficiaries to trade. The intervention to support dry ports alternative is aiming to stimulate exports.

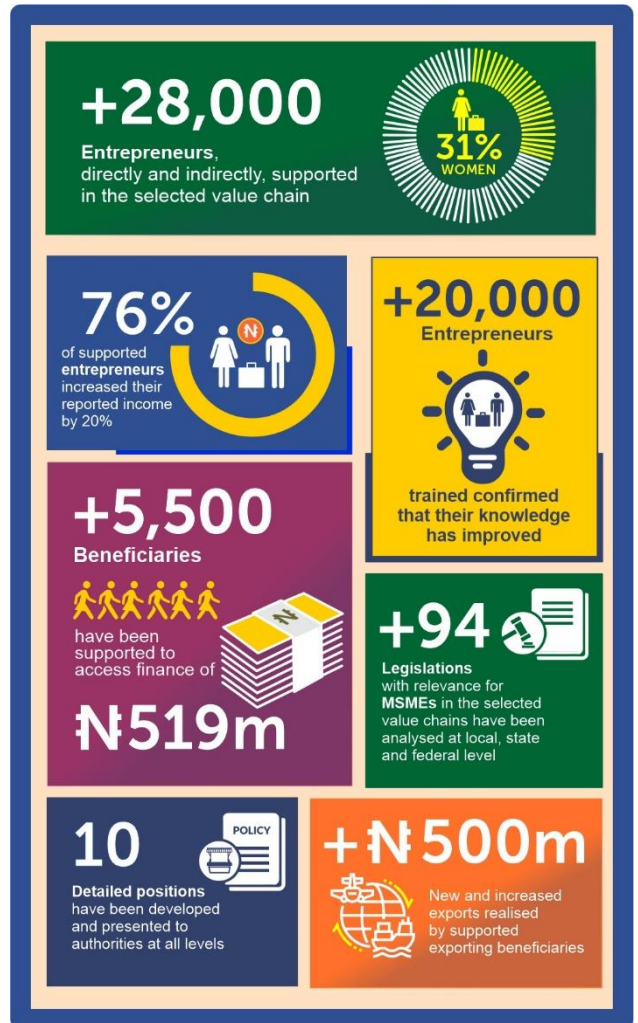
Access to Finance and Investment

Throughout the value chains, adequate and suitable access to finance and investment is being facilitated through partnerships with commercial banks, microfinance banks, development banks, and public financing schemes as well as other forms of innovative finance, including franchising, crowdfunding, impact investment, and Public-Private Partnerships (PPP). Financial solutions are customised for each financing requirement from seeds, inputs, and farming technology to storage solutions, marketing, and investment in processing and packaging facilities. For each value chain, additional opportunities are considered such as the fostering of agricultural-based initiatives through investment (i.e., tomato paste processing, cold chain, innovation) and the improvement of processing facilities to achieve international quality standards. Additional support is being provided to the setup of a conducive ecosystem for impact investment in Nigeria to mainstream more flexible, patient, and sustainable funding for inclusive and impact businesses across NICOP's focal value chains.

Our results so far

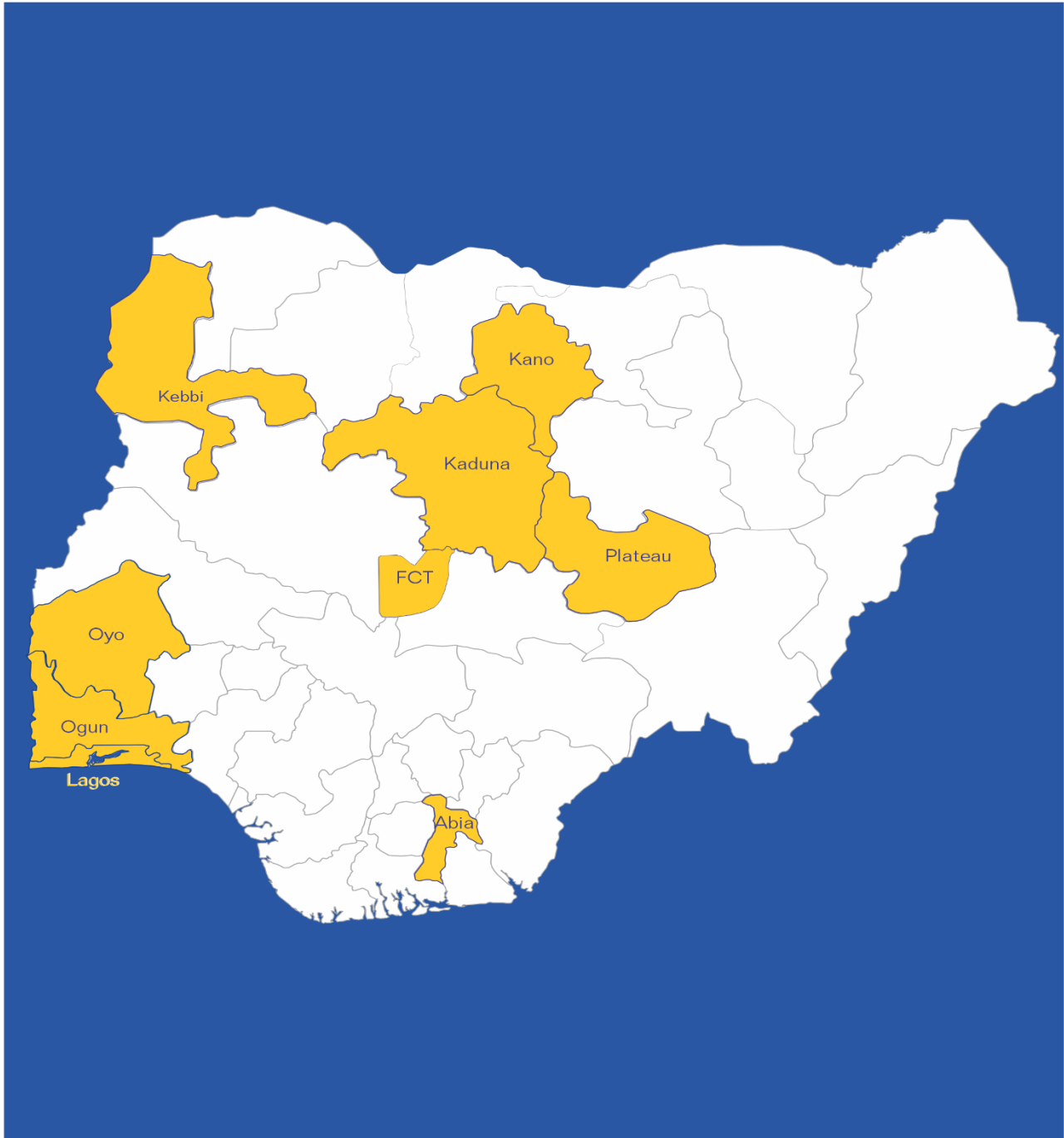
Among other impacts, the support of the project has also resulted in almost 120% increased yield for the farmers

and improved quality of finished products in the leather and garment value chains. The impact of the project on gender mainstreaming is evident as 67% of beneficiaries trained in entrepreneurship are women, and 100% of beneficiaries accessing loans in Lagos and Kaduna and 60% in Kano state are women. Over 24,000 hectares of land are being managed by NICOP beneficiaries, and +261,000 tons of tomato and ginger have been harvested.





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