

Pro-Poor Growth and Promotion of Employment in Nigeria (SEDIN)

Strengthening Nigeria's business environment and promoting SMEs to increase income and sustainably secure jobs

The Challenge

Unemployment represents a serious challenge for the Nigerian economy and society. About 44% of the working-age population are either unemployed, under-employed, or have retracted from the labour market. Especially young people find it difficult to find full and productive employment and decent work. 60% of population lives below the poverty line.

Strengthening micro, small and medium-sized enterprises (MSME) offers considerable potential as they represent 84% of employment and 50% of economic growth in Nigeria. Existing economic policy frameworks, entrepreneurial and technical skills, and cumbersome access to financial services render it difficult for them to contribute to sustained, inclusive and sustainable economic growth.

Approach

The objective of the SEDIN programme is to improve the employment and income situation of MSME by improving access to finance and business services, strengthening entrepreneurial and managerial skills, and addressing key barriers in the business and investment climate. A focus lies on labour-intensive and dynamic growth sectors, particularly agriculture and affordable housing. The programme works closely with federal institutions and has a regional concentration on the three States Ogun, Niger and Plateau and selected Local Government Area (LGA). The programme is active in two main intervention areas: financial sector and private sector development.



Project Name	Pro-poor Growth and Employment Promotion in Nigeria (SEDIN)
Commissioned by	German Federal Ministry for Economic Cooperation and Development (BMZ) ; European Union
Implementing Organisation	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Project Area	Federal Capital Territory (Abuja); Federal States of Niger, Plateau und Ogun
Executing Partner Agency	Nigerian Ministry of Budget and National Planning
Project Duration	July 2014 to March 2020
Funding Budget	€ 46 Million (€ 4.9 Million EU co-financing)

SEDIN applies the GIZ capacity development strategy supporting the ability of individuals, organisations and societies to manage their own sustainable development processes and to adapt to changing circumstances.

On the individual level, the owners of MSME and start-ups are amongst others trained in entrepreneurial skills and financial literacy. Due to the different needs of farmers, specific trainings for farmers are held, to increase their farming skills for an improved output of their farms through best agricultural practices. On the organizational level, the programme focusses on supporting implementation partners such as microfinance banks (MFB) and associations through trainings and mentoring to improve their services.



Left picture: Potato harvest

Right picture: Discussion during a trade facilitation training



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Left picture: Customers at a micro finance bank

Right picture: Participants of a public private dialogue

Further, to reach out to more beneficiaries, partner institutions are supported with training materials and in the role out of targeted trainings to MSME. On the cooperation level, linkages between stakeholders of the focal value chains are facilitated for mutual benefits and through an online platform (SMeline) Business Development Service providers are connected to potential clients. On the level of framework conditions, focus is laid on enabling environment, working towards the streamlining of procedures and ease of administrative processes for MSME.

The intervention area 'financial sector development' works closely with financial sector regulators, practitioners and users to enable more sustainable and effective access to a wider range of client-centric financial services. A central pillar of programme support represents capacity building for Microfinance Banks (MFB) to strengthen the supply of targeted financial services for small-scale businesses and low-income population. SEDIN has been providing advice, training and coaching services for MFB on a wide range of topics, including risk management to ensure the sustainability of the institutions, social performance management to enhance customer protection and client retention, and product development to expand outreach to low-income clients and small enterprises.

To strengthen and sustain access to financial services, the programme also aims at building the financial capabilities of owners of micro and small enterprises, women, and the youth. To achieve this, SEDIN works closely with the Central Bank of Nigeria (CBN), particularly on matters of financial literacy and consumer protection. Financial-literacy materials were jointly developed and are rolled-out with numerous partners from the public, private, and civil-society sectors. The rationale is to build lasting structures that ensure continuous, nationwide financial education.

In the intervention area 'private sector development', SEDIN advises state institutions on reform measures to create a conducive business environment for MSME and supports actors in selected value chains to strengthen their interlinkages. The programme aims at improving the quality and use of business development services by MSME and enables the provision of tailored

entrepreneurial and management skills trainings to MSME and start-ups.

In all value chains, the programme works in close cooperation with business associations, producers and off-takers in the supply, processing and marketing sectors. Special attention lies on three agricultural value chains namely potato, cassava, rice as well as the affordable housing sector.

Impact in figures (2014-2017)...

SEDIN has been working with more than 71 MFB to strengthen institutional capacities and promote the sustainable supply of effective, client-centric financial services. 15 of the MFB were selected as core partners and have benefited from tailored capacity-building measures.

Over the period 2015 to 2017, the 15 partner MFB managed to expand their outstanding loan portfolios by 28% to 2,887,047,000 Naira (7,626,824 Euro). The majority of productive loans are used for trade, commerce, and agricultural production. The introduction of a group-lending product in 2015 has enabled an increase in the number of active borrowers (69%), particularly women (77%). By the end of 2017, 172,477 women had a loan outstanding which represented 70% of the portfolio. Simultaneously, average loan sizes per borrower have decreased by 24% to 11,700 Naira (30.90 Euro). These developments emphasize the positive impact on the provision of access to sustainable financial services for small enterprises and women. Growing annual MFB incomes (44%) indicate that catering the needs of the base of the pyramid is a viable business model.

To build capabilities of financial users in Nigeria, SEDIN has entered partnerships with CBN, the Ministry of Youth and Sports Development, the Centre for Micro Enterprise Development, the Chartered Institute of Bankers of Nigeria, and Enugu State Government. By February 2018, a total of 4,004 participants have benefited from financial-literacy trainings. 233 of them have acquired the qualifications to on-train financial-literacy trainers, and 530 are qualified trainers. 1988 participants were trained as multipliers who can raise awareness and make financial-literacy contents available for target populations. To build financial



Left picture: Potato Farmers in Plateau State

Right picture: Participants at a SME Training in Ogun State

capabilities for young population, financial education has been successfully infused into the curriculum for primary and secondary schools in Nigeria. A one-year pilot is expected to start in September 2018 in six States in order to gain experiences and prepare for a national roll-out.

For the improvement of the local business enabling environment (BEE), a total of 400 actors from the public and private sectors participated in Public-Private Dialogue processes. 37 Business Advocacy Groups have been established and are working independently on LGA and state levels. Following SEDIN's support with independent research studies, business obstacles were presented and solutions with joint public-private action plans could be developed and implemented in the areas of land acquisition and leasing, obtaining construction permits, business registration, investment facilitation, commercial dispute resolution and tax harmonisation. In Niger and Plateau, the proposals for harmonised taxes across the states were signed into law in 2017. Through the interventions, the timeline for obtaining a simple and special construction permit in Ogun State was reduced by 50% and 65% respectively in 2016. Through the establishment of a One-Stop Shop, which bundles services for companies under one roof, investments of more than \$8 million have been attracted to Niger State since 2014.

More than 1,200 MSME have been trained on entrepreneurship skills. The GIZ Entrepreneurship Skills Training methodology Small and Medium Enterprises (SME) Business Training & Coaching Loop has been adapted to Nigeria. A local master trainer and 31 trainers and coaches have been trained and are engaged in the first two loops with a total of 273 enterprises benefitting, mainly from the agricultural and construction sectors. 30% of the enterprises are headed by women. For an improved access to

information and markets for MSMEs, SEDIN developed a mobile communication platform (SMEline). The solution allows farmers receive information on their basic mobile phones through SMS or voice calls. 5,900 MSME have already registered to use SMEline during the pilot phase in Plateau State.

57 schools have been trained to offer a Students Entrepreneurial Activity Hub (SEA-Hub) as extra-curricular club to practice entrepreneurship. In these clubs students learn basic entrepreneurial skills in a safe environment to give them the knowledge they require if they want to start their own business after finishing school. So far 254 secondary school students and teachers have been trained directly, acting as multipliers at their schools. Through this, around 3.300 students are now active in these SEA-Hubs, with girls making up 60% of the active participants.

670 officials from Nigeria Customs Administration and other public institutions, and more than 1,000 representatives of domestic SME, were trained in trade promotion. The Trade Route Incident Mapping System (TRIMS) has been developed and piloted. The system allows anonymous reporting of illegal checkpoints on trade routes and at border crossings through a smartphone app. The app is available throughout Nigeria and 2,200 reports have been received thus far.

The introduction of improved seed varieties and training in best agricultural practices has enabled potato farmers to increase their yields from 3-6t / ha to over 12 t / ha. They have also been linked up with suppliers of innovative technology, e.g. solar pumps and small-scale drip irrigation systems. 5000 potato farmers where trained in business skills, of which 2000 are members of the potato association. The higher yield and quality increased the revenue of the supported farmers by 51%, especially also due to a long term



■ *Left Picture: Launch of the SME Line*

■ *Right Picture: Students at a SEA-Hub in Niger State*

supply contract with one of the international supermarket chains in Nigeria.

In the cassava value chain, 2400 farmers were trained in good agricultural practices and entrepreneurial skills, with 1000 trained between April and September 2017 in collaboration with Unilever. The clustering of farmers around processors led to new business relationships. Training of over 200 lead farmers in rapid cassava stem multiplication opened up new income channels amounting to an estimated 48 million Naira (126,803 Euro) per annum.

In the rice sector, the programme facilitated loan applications amounting to over 115 million Naira (303,800 Euro) for the Bank of Industry Agricultural Mechanization Loan Scheme. 262 of the supported entrepreneurs in the rice value chain introduced.

... and in stories! (2014-2017)

Financial Literacy in the National Youth Service Corps

In cooperation with the Federal Ministry of Youth and Sports Development, financial literacy was introduced into the National Youth Service Corps (NYSC) scheme. NYSC is composed of young Nigerian university graduates who engage in a national service year and work with communities on various development-related topics. The objective is that the corps members raise awareness on financial-literacy topics and function as multipliers so that they contribute to skills development in areas such as proper bookkeeping or the responsible handling of money. By the end of 2017, around 2,000 corps members have been trained on financial literacy topics. The creation of the Financial Inclusion Community Development Service ensures that financial literacy is institutionalized in the NYSC Scheme and guarantees that approximately 2,000 additional corps members are trained on financial literacy every year.

Transformative effects of Group Loans: An example from Zazawamari Women Group

Pana MFB, one of the programme's Microfinance bank partners in Niger state, introduced the group-lending product in 2015 after the first training on the

methodology was conducted. One of the first beneficiaries was the Zazawamari Women Group in Nukuchi village, Paiko. The 20 women from this group, all involved in the melon and rice processing and sales business, used the loans to support working capital needs for their businesses. As a result of the increased capital and subsequent sales, the additional income enabled the women to repay their loans and gain access to further loans for their businesses. They were also able to contribute to their household finances by setting money aside for the education of their children. They also pool resources to pay the monthly salary of one secondary school teacher in their community.

A tractor from Nigeria

Jerry Isaac Mallo, a 23-year old farmer with strong interest in technology and machines was able to receive a scholarship to study in the UK. Upon his return to Nigeria, he established his own agro machines company and currently has four employees. His mission is to support farmers by providing them with more suitable and more affordable machinery than imported models.

Supported by loans from SEDIN partner MFB, he builds de-stoning, planting, harvesting, threshing, milling, peeling and polishing machines. Jerry also constructed tractors, which gained a lot of attention during trade fairs and exhibitions in Nigeria. Delivering only on request today, he aims at producing in bigger quantities to provide more domestic farmers with high quality machines in the future. He is looking for investments to establish a production site in Jos. His current location in Bokkos is remote and suffers from frequent power outages. To overcome this challenge, he plans to install a solar power system to fuel his production.

SEDIN has supported his endeavor in numerous ways: The programme facilitated the registration of his business with the Corporate Affairs Commission (CAC). He has benefited from financial-literacy trainings and was able to exhibit his products during trade fairs co-organized by GIZ. Currently, he participates in the SME Business Training & Coaching Loop. This allows him to enhance his management skills, link with financial institutions, connect with other entrepreneurs and win new clients.

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