Hello!

I am Bunmi Lawson

I believe that fostering the growth of MSMEs is critical to our future as a nation

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Outline

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   2. Poverty growth with slow GDP growth
   3. High youth unemployment
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3. Contribution of MSMES to the economy

4. Suggestions for MSME development
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According to the Census Bureau of the United States, the population of Nigeria will reach 402 million people by the year 2050. With those numbers, Nigeria will become the third most populated country in the entire world, surpassing the United States in the near future.
We have either forgotten or we do not want to remember the infantry of our economic army. These unhappy times call for the building of plans that rest upon the forgotten, the unorganized but the indispensable units of economic power. We need plans that build from the bottom up and not from the top down, that put their faith once more in the forgotten man at the bottom of the economic pyramid.

Paraphrasing President Roosevelt as he shared plans for rebuilding the USA after the great depression April 7, 1932
1. Where are we today: Our present
Our Today

“The Nation faces today a grave emergency”

Corruption

- MSMES are not reaping what they sow
  - Locust of corruption
  - Drought of leadership in most sectors

- “People often think that they are at the mercy of corruption and that it is just a “way of life”. However, every society, sector and citizen would benefit from breaking the chain of corruption in their everyday life.” – UNDP

- “This is not a four-year war, it is a long-term battle. It starts with you. It starts with me. It starts in our minds” – BudgIT
Poverty and slow GDP growth

- Poverty 45%: the number of Nigerians in extreme poverty increases by six people every minute.
- GDP Growth rate needs to be higher than population growth rate for it to address poverty. Currently GDP growth rate is just recovering after a recession in 2017 to 1.5% Q2 2018. Compared to population growth rate 2.6%/3% per annum: a net gain of one person every 6 seconds in Nigeria.
“At the end of May 2018, our trajectories suggest that Nigeria had about 87 million people in extreme poverty, compared with India’s 73 million. What is more, extreme poverty in Nigeria is growing by six people every minute, while poverty in India continues to fall.

Read more at: https://www.vanguardngr.com/2018/06/nigeria-overtakes-india-as-worlds-poverty-capital-report/
The number of Nigerians living in abject poverty—subsisting on less than US$1 a day—more than doubled between 1970 and 2000, and the proportion of the population living in poverty rose from 36 percent to 70 percent over the same period. At official exchange rates, Nigeria’s per capita income of US$260 in 2000 was precisely one third of its level in 1980 (see World Bank, 2005).
Our Today

- Youth Un/Underemployment 52.65% in 2017
- Youth unemployment 18.8%
- Out of a total active labour force of 85.08 million people in Nigeria, about 16 million people were unemployed in the third quarter of 2017, the National Bureau of Statistics, NBS, has said.
- With 250 million to be added between 2019 and 2020 we need a tsunami of growth from the bottom up
- Acute regional rivalry and ethno-religious fragmentation;
- Budgetary expenditure and allocation
- Government revenue from private sector other than oil is N2.039 trillion 28.45% compared to revenue from oil of 41.7% of total revenue. (68% of oil revenue)
Oil revenues may no longer be within our control.
Budget expenditure

2018 Approved Budget

Expenditure Breakdown

- N2.2tn: Debt Service & Sinking Fund
- N5.30bn: Statutory Transfers
- N694.52bn: Capital Supplementation
- N15bn: Service Wide Votes
- N2.87tn: Capital Expenditure
- N198.95bn: Pension and Gratuities
- N3.51tn: Recurrent Non-Debt

Total 2018 Budget: N9.12tn

2018 Approved Budget

Debt Servicing

- Domestic Debts: N1.76tn
- Foreign Debts: N254bn

Total Debt Servicing: N2.01tn

2018 Approved Budget

Statutory Transfer

- National Judicial Council
- Niger Delta Development Commission
- Universal Basic Education Board
- National Assembly
- Public Complaints Commission
- NEC

Total Statutory Transfer: N530.42bn
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**FEDERAL EXECUTIVE BODIES:**

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Growing our micro, small and medium businesses is critical to our future
Contribution of MSMES to the economy

- Employment
- Solving real problems
- Contribution to GDP
- Building block for large corporations
- Innovation

- 59,741,211, employed by the MSME representing 84.02% of the total labour force (Dec 2013)
- MSMEs contribution to the Nation’s Gross Domestic Product in nominal terms stood at 48.47% as at 2013 (SMEDAN)
- MSMEs contribution to export stood at 7.27%
The total number of MSMEs as at 2013 stood at 37,067,416 (Micro-36,994,578, Small- 68,168, and Medium-4,670).

The initial start-up capital 68.35% of micro enterprises was predominantly less than N50,000 while small and medium enterprises were predominantly less than N10m Naira.
37,067,416
That’s a lot of MSMEs

111,202,248
3 staff per SME

100%
Employment success??
Contribution of MSMES to the economy

- Faced with the challenges of skilled manpower, weak infrastructure, multiple taxation, poor access to finance, and policy inconsistencies, the mortality rate of SMEs is very high - SMEDAN
- The ownership structure by age showed that the age bracket of 24-50 dominates. Hence youth entrepreneurs are dominant.
Main challenges confronting MSMEs

- Poor infrastructure and technology
- Access to finance
- Access to market and business support
- Multiple taxation
- Inconsistency in government policies
Suggestions for MSME development

Accounting profession’s support:
1. Include entrepreneurship and SME development in ICAN curriculum: Accountants are great entrepreneurs; also can support SMEs business plan etc.
2. Don’t be a part of corruption e.g. Tax Collectors
3. Department for SMEs advisory, strategy, Accounting and finance, join board, venture capital, access to finance
4. Improve SMEs managerial, financial literacy and technical capacities to overcome the challenges of the environment
Government intervention required

The Growth Report: Strategies for Sustained Growth and Inclusive Development

The commission reviews the 13 economies that have sustained, high growth in the postwar period 7% growth for 25 years consistently. Their growth models had some common flavors: the strategic integration with the world economy; the mobility of resources, particularly labor; the high savings and investment rates; and a capable government committed to growth.
Government intervention required

Build essential infrastructure
Power, technology, broadband, water, roads, rail etc.

Growth of SMEs a new philosophy
Incentives for MSMEs: simplify taxes, identify key sectors,

Increase budgetary allocation to MSME development
(upgrade SMEDAN??)
Giant of Nigeria
References and further reading

7. https://openknowledge.worldbank.org/bitstream/handle/10986/28049/577170NWP0Box353766B01PUBLIC10cwp017web.pdf?sequence=1&isAllowed=y
8. Leadership, Policy Making, and Economic Growth in African Countries: The Case of Nigeria
Thanks!
Any questions?
You can find me at bunmil@inclusiveiqfb.com
Special thanks to all the people who made and released these awesome resources for free:

- Presentation template by [SlidesCarnival](#)
- Photographs by [Unsplash](#)