



**SECURING OUR SHARED
FUTURE:
SMPs & SMEs: Revving the
Economy to Action**

Presented by **Bunmi Lawson**

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
48TH ANNUAL ACCOUNTANTS CONFERENCE



Hello!

I am Bunmi Lawson

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

Bunmil@inclusiveiqfb.com



Outline

1. Introduction
2. Where are we today: Our present
 1. Corruption
 2. Poverty growth with slow GDP growth
 3. High youth unemployment
 4. Budgetary expenditure and allocation
3. Contribution of MSMEs to the economy
4. Suggestions for MSME development
 1. Accountants role
 2. Government intervention required
5. Questions and feedback

410,637,868

Population Data via United Nations WPP (2015 Revision, Medium Variant)

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.

Paraphrasing President Roosevelt as he shared plans
for rebuilding the USA after the great depression
April 7, 1932



*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.*





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

Our Today

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

Our Today

- “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/>

It has happened before

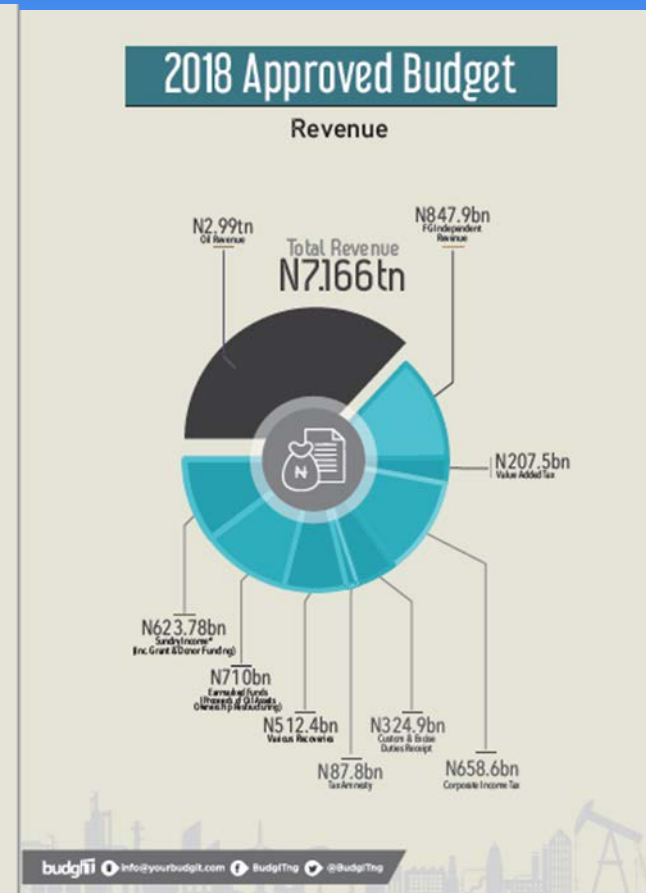
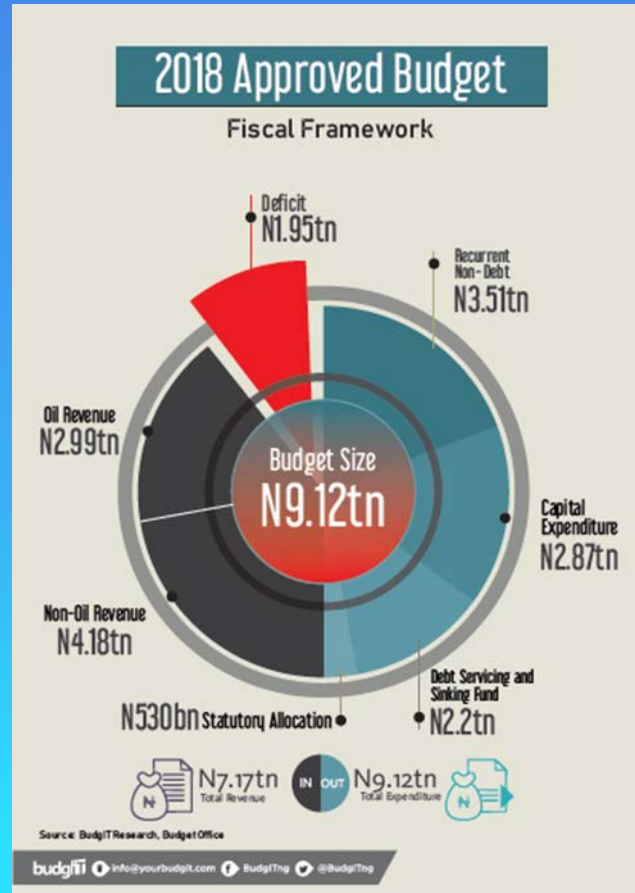
- The number of Nigerians living in abject poverty—subsisting on less than US\$1 a day—more than doubled between 1970 and 2000, and the proportion of the population living in poverty rose from 36 percent to 70 percent over the same period. At official exchange rates, Nigeria's per capita income of US\$260 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;

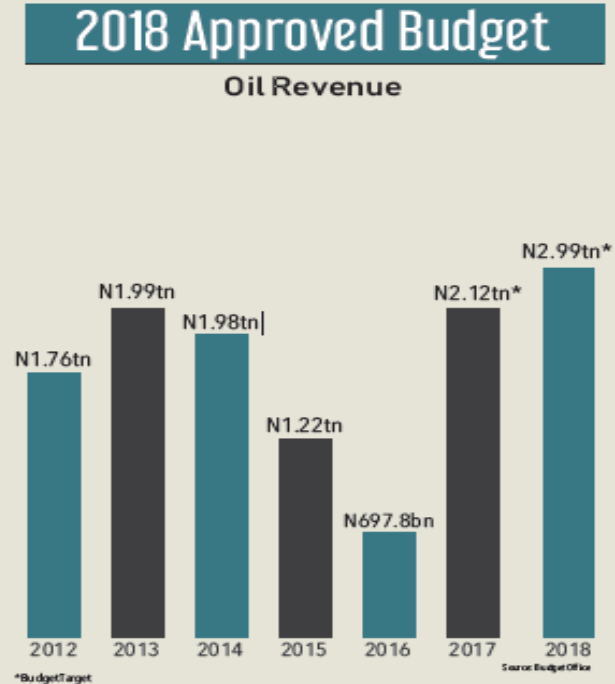
Our Today

- 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)



Our Today

- Oil revenues may no longer be within our control



41.7% of FG expected revenue in 2018 will come from the oil sector

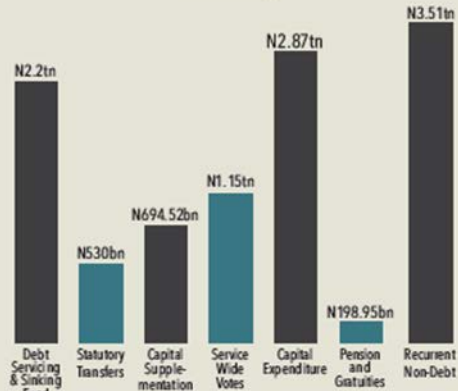
Budget expenditure

2018 Approved Budget

Expenditure Breakdown

N9.12tn

Total 2018 Budget



* Budget Target

Source: Budget Office

2018 Approved Budget

Debt Servicing

Domestic Debts
N1.76tn

Foreign Debts
N254bn

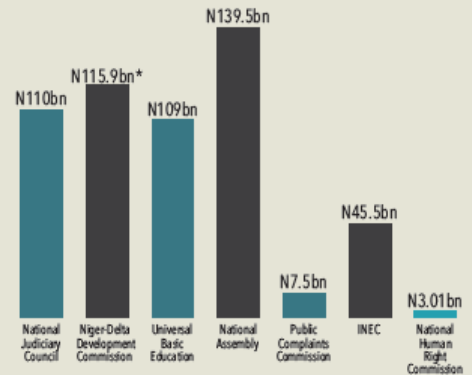
Total
N2.01tn



2018 Approved Budget

Statutory Transfer

Total
N530.42bn



*Includes For payment to NECC
Oustered by 14th March 2018

Source: Budget Office

Federal Republic of Nigeria

2018 APPROPRIATION BILL



113	FISCAL RESPONSIBILITY COMMISSION	200,155,392
114	FEDERAL MINISTRY OF WATER RESOURCES	147,199,614,645
115	FEDERAL MINISTRY OF JUSTICE	4,719,946,629
116	INDEPENDENT CORRUPT PRACTICES AND RELATED OFFENCES COMMISSION	1,617,865,170
117	FEDERAL CAPITAL TERRITORY ADMINISTRATION	32,298,122,872
118	MINISTRY OF NIGER DELTA AFFAIRS	58,082,500,002
119	FEDERAL MINISTRY OF YOUTH & SPORTS DEVELOPMENT	5,408,611,977
120	FEDERAL MINISTRY OF WOMEN AFFAIRS	5,752,180,400
121	FEDERAL MINISTRY OF EDUCATION	102,907,290,833
122	FEDERAL MINISTRY OF HEALTH	86,485,848,198
123	FEDERAL MINISTRY OF ENVIRONMENT	17,492,955,833
124	NATIONAL POPULATION COMMISSION	4,266,308,554
	SUB-TOTAL: EXECUTIVE	2,175,944,843,311
	FEDERAL EXECUTIVE BODIES:	
113	CODE OF CONDUCT BUREAU	694,854,364
114	CODE OF CONDUCT TRIBUNAL	513,616,706

113

FISCAL RESPONSIBILITY COMMISSION

200,155,392



117	POLICE SERVICE COMMISSION	758,900,000
118	REVENUE MOBILISATION, ALLOCATION AND FISCAL COMMISSION	329,093,337
	SUB-TOTAL: FEDERAL EXECUTIVE BODIES	2,935,717,222
	CAPITAL SUPPLEMENTATION	
119	FGN SPECIAL INTERVENTION PROGRAMME (CAPITAL)	150,000,000,000
120	COUNTERPART FUNDING INCLUDING GLOBAL FUND/HEALTH AND REFUND TO GAVI/GLOBAL FUND	3,500,000,000
121	PAYMENT OF LOCAL CONTRACTORS' DEBTS/OTHER LIABILITIES	15,000,000,000
122	GALAXY BACKBONE	4,000,000,000
123	GIFMIS/IPPIS CAPITAL	5,000,000,000
124	OSSAP- SDGs (SPECIAL PROJECTS)	11,314,595,152
125	OSSAP-SDGs (CONDITIONAL GRANTS)	11,460,661,280
126	OSSAP-SDGs (SOCIAL SAFETY NETS)	13,674,743,568
127	OSSAP - SDGs: SDG PROJECTS 1 (2017 OUTSTANDING LIABILITIES)	4,550,000,000
128	OSSAP - SDGs: SDG PROJECTS 2	6,750,000,000
129	RECAPITALISATION OF DEVELOPMENT FINANCE INSTITUTIONS	15,000,000,000
130	NORTH EAST INTERVENTION FUND	45,000,000,000
131	ZONAL INTERVENTION PROJECTS	100,000,000,000
132	HEAD OF SERVICE (FEDERAL GOVERNMENT STAFF HOUSING LOANS BOARD)	2,000,000,000
133	SUBSCRIPTION TO SHARES IN INTERNATIONAL ORGANISATIONS	40,000,000,000
134	NATIONAL DEVELOPMENT PLANS (MINISTRY OF BUDGET AND NATIONAL PLANNING)	1,200,000,000
135	CAPITAL EXIGENCIES/ADJUSTMENT TO CAPITAL COST	6,000,000,000
136	CONTINGENCY (CAPITAL)	11,000,000,000
137	GRANTS AND DONOR FUNDED PROJECTS	169,919,791,292
138	SUSTAINABLE DEVELOPMENT GOALS I	12,000,000,000
139	SUSTAINABLE DEVELOPMENT GOALS II	8,000,000,000
140	NATIONAL INSTITUTE FOR LEGISLATIVE STUDIES (NILS)	4,000,000,000
141	PROVISION FOR THE IMPLEMENTATION OF THE NATIONAL HEALTH ACT	55,150,000,000
	TOTAL CAPITAL SUPPLEMENTATION:	694,519,791,292
	TOTAL CAPITAL EXPENDITURE	2,873,400,351,825
	AGGREGATE EXPENDITURE	9,120,334,988,225



MSMEs

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%

Contribution of MSMEs to the economy

- 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

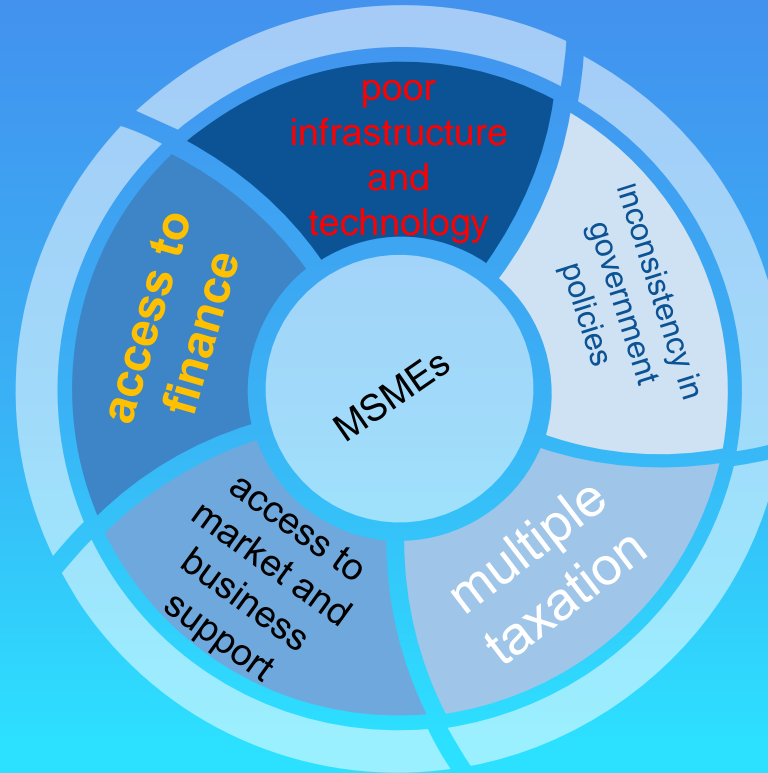
100%

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



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

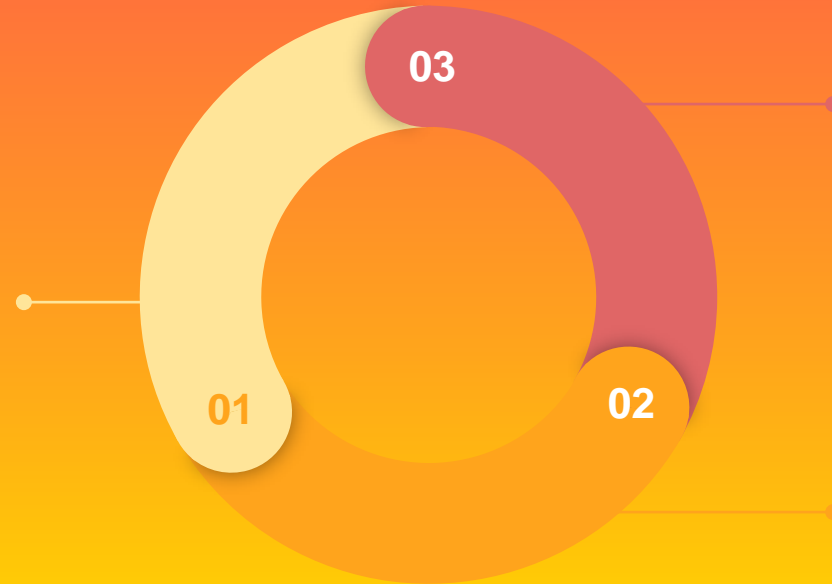
Government intervention required

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



References and further reading

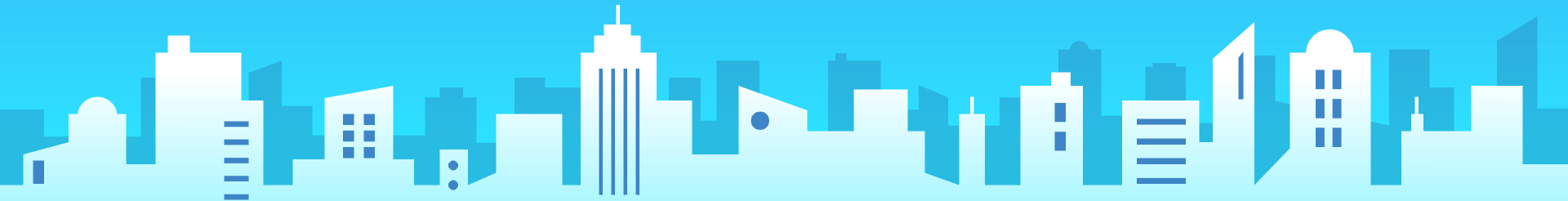
1. <http://www.presidency.ucsb.edu/ws/?pid=88408>
2. <http://worldpopulationreview.com/countries/nigeria-population/>
3. <https://www.vanguardngr.com/2018/06/nigeria-overtakes-india-as-worlds-poverty-capital-report/>
4. <http://www.nigerianstat.gov.ng/>
5. <http://yourbudgit.com/>
6. “Commission on Growth and Development. 2008. The Growth Report : Strategies for Sustained Growth and Inclusive Development. Washington, DC : World Bank. © World Bank.
<https://openknowledge.worldbank.org/handle/10986/6507> License: CC BY 3.0 IGO.”
7. <https://openknowledge.worldbank.org/bitstream/handle/10986/28049/577170/NWP0Box353766B01PUBLIC10gcwp017web.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**



Credits

Special thanks to all the people who made and released these awesome resources for free:

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

