

**NIGER DELTA DEVELOPMENT FORUM, 2013 EVENT**

**THEME: PROMOTING NEW APPROACHES TO MSME  
DEVELOPMENT IN THE NIGER DELTA**

**TOPIC OF BACKGROUND PAPER:  
ACCESS TO MARKETS AND BUSINESS LINKAGES**

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27<sup>TH</sup> NOVEMBER, 2013**



## Presentation Outline:

1. Introduction
2. MSMEs in Nigeria: The usual story
3. Markets and access to markets & business linkages: understanding the concepts
4. Real issues and real challenges for MSMEs
5. My recommendations
6. Conclusion

# MSMES IN NIGERIA: THE USUAL STORY



## **MSMEs in Nigeria: The usual story is that they could**

- Create 70% or more of employment / livelihoods and revenue to the nation
- Be major sources of innovation that change our lives in very positive and constructive ways
- Probably be one of the most challenging undertakings any human being alive can elect to do
- Be organised a lot better than they are today and included in what is known as the organised private sector
- Be funded and supported better through policies and targeted infrastructure

# ACCESS TO MARKETS & BUSINESS LINKAGES: UNDERSTANDING THE CONCEPTS



## Access to markets & business linkages: understanding the concepts

- These images tell all the story that need to be told!!!
- Ore-Benin road – why has it turned into a large food market that has no support from anyone except customers?

# ACCESS TO MARKETS & BUSINESS LINKAGES: UNDERSTANDING THE CONCEPTS



## First, Lets Talk About Markets:

- The market is wherever a business owner can find to exchange goods and services in return for payment with their customers
- My market place can be in my home or my farm; and only customers that can come there will do business with me
- My market place could be on the internet and no where else!
- The market place is the make or break place for every business; not having access to open and competitive markets means operating at a disadvantage

# ACCESS TO MARKETS & BUSINESS LINKAGES: UNDERSTANDING THE CONCEPTS



## Let's Also Talk About Business Linkages:

- From primary production to storage, transportation to processing and up to the point of sales
- Market linkages is about how to buy from MSMEs, how to distribute through MSMEs and how to sell to MSMEs
- Market linkages if established deliver value to every actor in the chain; without the linkages some actors are simply predators and others are prey

# REAL ISSUES AND REAL CHALLENGES FOR MSMEs



## Buying From MSMEs:

- Governments and businesses can source a wide variety of products and services from MSMEs e.g. agric commodities, printing services, manufactured products
- Buying from MSMEs is often at lower cost, usually offers a lot of flexibility and products could be very unique / innovative
- The reasons to buy from MSMEs: you actually build a stronger and diversified economy, enhance social LTO and improve long term business opportunities

# REAL ISSUES AND REAL CHALLENGES FOR MSMEs



## Distributing Through MSMEs:

- Distributing through MSMEs can be difficult to organise but also very rewarding in terms of reaching the population at the base of the pyramid
- Infrastructure can be so poor that traditional methods (e.g. large trucks) will not work
- Sales volume and price points may also be too low for traditional distribution to be cost-effective
- However, this is still a way to create jobs and sometimes improve customer relations / loyalty



# REAL ISSUES AND REAL CHALLENGES FOR MSMEs



## Selling To MSMEs:

- Banks, telcos and other big businesses have now realised that they need to sell to MSMEs and are now introducing services and products specially designed for them
- Other sectors that need to sell to MSMEs include healthcare providers, education/training providers, financial services, telecom and IT services providers, production equipment and technology providers, utilities e.g. water and power, etc.

# REAL ISSUES AND REAL CHALLENGES FOR MSMEs

## CHALLENGES IN FORMING BUSINESS LINKAGES AND CREATING ACCESS TO MARKETS

### OPERATIONAL CHALLENGES

### KEY ISSUES

Internal Commitment of Govt. and Big Businesses

- Can they change their procurement policies?
- Can they institute performance measures and incentives for their own managers based on how much business they do with MSMEs?
- Can they think long term rather than short term?

Access to Reliable Market Information

- Database of MSMEs – can this be established and maintained?
- Can MSMEs networks be leveraged without creating power blocks?
- Can resources be dedicated to making reliable market information available to MSMEs and big businesses alike at all times?

# REAL ISSUES AND REAL CHALLENGES FOR MSMES

## CHALLENGES IN FORMING BUSINESS LINKAGES AND CREATING ACCESS TO MARKETS

### OPERATIONAL CHALLENGES

### KEY ISSUES

#### Measuring Impacts

- Can all parties agree to one framework for measuring the impacts of this effort?
- Can all parties agree and implement a participatory M&E process?

# REAL ISSUES AND REAL CHALLENGES FOR MSMEs

## CHALLENGES IN FORMING BUSINESS LINKAGES AND CREATING ACCESS TO MARKETS

### REPUTATION AND RELATIONSHIP MANAGEMENT CHALLENGES

### KEY ISSUES

Managing expectations

- Can all parties reach a clear framework on what their social responsibilities are and are not?
- Can advance purchase agreements be established between govt. and big businesses, and the MSMEs?

Reducing dependence

- Is it possible for MSMEs to strive to diversify in order to reduce their dependence on one client or industry?
- Can MSMEs develop exit and growth strategies for their businesses as response mechanisms to changing times?
- Can MSMEs remain true to initial claims of commitment to development of communities?

# REAL ISSUES AND REAL CHALLENGES FOR MSMEs

## CHALLENGES IN FORMING BUSINESS LINKAGES AND CREATING ACCESS TO MARKETS

### SYSTEMIC CHALLENGES

### KEY ISSUES

#### Building knowledge and skills

- Are MSMEs open to training and do they have access?
- Can MSMEs adhere to best practices and international standards for doing business?
- Can all parties work together to establish ongoing coaching and enterprise development centers for MSMEs?
- Can MSMEs actually relate and learn from one another?

#### IMPROVING ACCESS TO FINANCE

- Could we establish specialised and responsive finance institutions for MSMEs?
- Can MSMEs be linked to commercial and micro finance banks by govt. and big businesses?
- Could we consider non traditional forms of collateral for MSMEs?
- Can MSMEs truly become financially literate?

# REAL ISSUES AND REAL CHALLENGES FOR MSMEs

## CHALLENGES IN FORMING BUSINESS LINKAGES AND CREATING ACCESS TO MARKETS

SYSTEMIC CHALLENGES	KEY ISSUES
STRENGTHENING REGULATORY AND PUBLIC POLICY ENVIRONMENTS	<ul style="list-style-type: none"><li>• Can we provide more space for MSMEs to contribute to shaping public policy?</li><li>• Can we build capacity of public sector institutions and big businesses to understand the MSME experiences?</li></ul>
PROVIDING INFRASTRUCTURE	<ul style="list-style-type: none"><li>• Supply collection, storage and distribution centers: could these be provided for MSMEs?</li><li>• Can shared infrastructure be provided in parks and clusters?</li><li>• Could we provide more access to ICT for MSMEs?</li></ul>

# My Two (2) Recommendations

## 1. An MSME Information Management And Communication System

- The system will provide open source information about how to buy from, sell to and distribute through MSMEs.
- The system will also provide information using available technologies on:
  - a) Pricing
  - b) Demand e.g. RFPs
  - c) Training and skills
  - d) Finance
  - e) Policies
  - f) Competition
  - g) Etc.

# My Two (2) Recommendations

## 2. An MSME Information Management And Communication System

- To advocate, lobby, sue, appeal, protest and use all other legal and persuasive means to get out governments at the federal and state levels to establish a special fund for innovation.



# CONCLUSION

## Conclusion

1. MSMEs are important to our economy and our society; they are the usual transition points for the larger percentage of our population once they leave home
2. MSMEs are vulnerable and need special protective and encouragement measures as long as these measures do not create rent-seeking or entitlement attitudes / mindsets
3. New markets, opportunities and innovations are often to be found in MSMEs rather than big businesses
4. Our economic growth and human development goals will be better achieved, and faster achieved, if we support MSMEs
5. All the questions I have asked and problems I have articulated should be answered by this forum

**END**