**BEING KEYNOTE ADDRESS PRESENTED BY THE HONOURABLE MINISTER OF INDUSTRY, TRADE, AND INVESTMENT, MR. OLUSEGUN AGANGA, CON, AT THE OPENING CEREMONY OF THE D8 SME GOVERNMENTAL BODIES MEETING HOLDING BETWEEN 17TH AND 20TH NOVEMBER, 2014 AT THE TRANSCORP HOTELS ABUJA, NIGERIA.**

Protocols.

It is with great delight and joy that I join you at the D-8 SME Governmental Bodies meeting holding in our great city, Abuja. I have followed very closely the activities of the D-8 Countries since my days as the Honourable Minister of Finance. I have come to understand and appreciate the activities of this powerful economic block as it relates to MSMEs development in member countries. More so with the current head of the D-8 Countries being our President, Dr. Goodluck Ebele Jonathan, GCFR. Serious impacts have been created in the areas of Finance and Banking, Rural Development, Science and Technology, Humanitarian Development, Agriculture, Energy, Environment and Health within the D-8 Countries as a result of the cooperation. I am equally elated that one of the Agencies under my ministry, the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) is putting this meeting together with the support of other stakeholders drawn from the public and private sectors.

The Micro, Small and Medium Enterprises (“MSME”) represents one of the most important sectors of our economy. It currently represents 97% of the businesses in Nigeria and contributes 75% of the National employment. Of the 17.2 million MSMEs in Nigeria that employs over 32 million people and contributes about 46.54% to the GDP, over 17 million are micro-enterprises. Thus, growth in this sector is directly correlated with growth in the economy as a whole and in the level of employment throughout Nigeria.

One of the most critical challenges confronting us as a nation is how to ensure that our strong macro-economic performances translate to improvements in the living standards of our citizens and growth in our Micro, Small and Medium Enterprises (MSMEs) sub-sector. As you may probably know, MSMEs are crucial to the economic development of the country and currently represent 97% of enterprises in Nigeria. They heavily contribute towards national employment and therefore have the potential to drastically reduce unemployment and poverty if they are properly nurtured and developed.

The MSMEs sub-sector provides the platform for increasing the global competiveness of our country and is a key driver towards achieving the objectives of Mr. Presidents’ Transformation Agenda and the national Vision 20:2020. It is my belief that the quickest and most effective way to impact the average Nigerian and for Nigeria to achieve the desired economic breakthrough is to devote time, attention and resources to grow the MSMEs sub-sector. This sub-sector is the legacy that we will leave behind. It is the future of Nigeria. Most countries across the globe have done this and have achieved tremendous results.

Distinguished ladies and Gentlemen, the National MSMEs Collaborative survey conducted in Nigeria in 2010 revealed that the major critical inhibiting factors for MSMEs’ optimal performance are access to finance, access to markets, lack of adequate infrastructure, lack of adequate skills and lack of Business Development Services / Entrepreneurship Training. We have studied various countries and seen what they have done and my ministry (as part my mandate in the area of SME development) has developed the National Enterprise Development Programme (NEDEP) as a result. NEDEP is a new, strategic and revolutionary way of delivering enterprise development in Nigeria with a primary goal to revitalize our MSMEs sector and create jobs, create wealth and alleviate poverty in Nigeria.

NEDEP, which was launched on 11th February, 2014 by Mr President with the National Industrial Revolution Plan (NIRP), incorporates nine (9) priority areas which are focusing on improving the operating climate for MSMEs in Nigeria. These are:

1. Strengthening Institutional framework

2. The development of a revised National MSME policy

3. Increasing MSME access to affordable finance

4. Increasing access to markets for MSMEs

5. Developing business development skills for entrepreneurs

6. Developing technical skills in MSME operators

7. Promoting youth inclusion

8. Taking measures to reduce the high operating cost for MSME operators

9. The implementation of a robust delivery and monitoring structure

These 9 pillars were chosen in order to address identified weaknesses within the MSME development space.

Implementation of NEDEP began in 2013, and within its first year of implementation, we have already recorded some milestones. These are as follows:

a. SMEDAN, the agency responsible for enterprise development in Nigeria has been reorganised to make them more responsive and closer to the Nigerian public. Prior to last year, SMEDAN was only represented in 13 states of the country, but they are now represented in all 36 states of the federation, so that they can be closer to their client base and they can better deliver enterprise development in all parts of the country.

b. In order to encourage more businesses to move from informal to formal status, we have reduced the cost of registering businesses in Nigeria by 60 %, thus making it cheaper to register businesses.

c. We have also officially launched State Councils on MSMEs in 11 States in Nigeria. These Councils are made up of all trade associations and other major stakeholders in the public and private sectors in each state and are presided over by the Governor of that state or his designate. The idea is to ensure that issues affecting MSME development in each state is adequately discussed and brought to the attention of the highest body in the state for necessary action.

d. The National Council on MSMEs was approved and inaugurated on 4th September, 2014 by the President. The Council is chaired by me with the Honourable Minister of Industry, Trade and Investment as vice chairman. Its membership is made up of critical stakeholders from both the public and private sectors. This council, which had its inaugural meeting on Thursday, 13th November, 2014 considered various memoranda bordering on issues facing MSMEs development in the country and took far reaching decisions towards improving the operating environment for small businesses in Nigeria. The implementation of these decisions will be taken up very shortly by the National Technical Implementation Committee headed by the Honourable Minister of Industry, Trade and Investment, Olusegun Aganga, CON. In fact, this summit, which we intend to hold annually, is part of follow-up actions for MSMEs development endorsed by the National Policy on MSMEs.

e. We have inaugurated a Private Equity and Venture Capital Committee. This team comprised of private practitioners, regulators and investors in the PE/VC space. Their mandate was to provide recommendations and actionable items that will boost the PE/VC industry in Nigeria, such that the PE/VC industry is expanded to provide funding and expertise to help small businesses grow. I am happy to state that they have completed their work, and we will begin to see the fruit of this in the form of more PE/VC companies operating in Nigeria and investing in small businesses. The beauty of this industry is that these funds will invest not just capital in deserving businesses but also expertise and governance needed to grow businesses from small to large concerns.

f. Closely related to the work on the development on the PE/VC industry is our work on the improvement of the financing value chain. We realise that Commercial banks are not the only source of finance for MSMEs and that businesses require different sorts of capital at different stages of their development. It is in the light of this that we are making a number of recommendations on improving the financing value chain in Nigeria so that entrepreneurs can access funds at every stage of their business endeavours from start up to early stage and through various mediums from angel investors, commercial banks, the stock exchange, private equity and venture capital funds.

g. Another key pillar of NEDEP is engagement with key private sector stakeholders. Some of these stakeholders are:

- Commercial banks – We are partnering with First Bank, Stanbic IBTC, Fidelity Bank and Diamond Bank on a number of areas like training, referrals, monitoring of loan recipients and the overall development of the MSMEs sub-sector.

- Large Corporations – We are partnering a number of them to ensure that the MSMEs become part of their supply value chain.

- Business Development Service providers- We are partnering with these service providers to ensure that business development training and support is offered to a lot more people than the government agencies can presently provide.

- International Development Partners – A number of them are implementing partners under NEDEP and will be bringing their expertise and funding to make the project a success.

h. With specific regard to market access, the 2010 collaborative survey carried out by SMEDAN and the National Bureau of Statistics showed that a paltry 0.43 % of MSMEs sold their goods outside the Nigerian border. We have done a number of things to change this trend and we should soon begin to see the fruits of our interventions. For instance, in 2013, we began the pilot phase of the Nigeria Diaspora Export Program (NDEP). This program hopes to take advantage of Nigeria’s huge Diaspora to sell made in Nigeria goods. The benefits are immense for everyone involved. The local entrepreneur will have extra markets for their goods, while the Nigerians in the Diaspora are able to earn money from the sales of these goods while contributing to National Development and creating jobs back home. We will also intensify our efforts to build the capacity of local entrepreneurs to take advantage of the Africa Growth Opportunities Act (AGOA) and other preferential trade agreements. Our focus in this regard will be on encouraging exports of value added goods as opposed to the export of raw materials which we majored in previously.

In an increasingly connected world, we cannot afford to be left behind, and that is why we will soon be launching our online store whereby entrepreneurs from all over the country will be able to upload their products and services online for free on the platform so that their goods and services can be seen and purchased by anyone anywhere in the world.

We are also creating more opportunities for MSMEs by unlocking opportunities in the value chain and supply chains of large corporations. A good example is the auto sector where Original Equipment Manufacturers (OEMs) only produce a small fraction of what makes up a fully built vehicle. MSMEs can plug into this value chain in order to supply the over 2,000 parts that make up a vehicle.

As I have been informed, the D-8 SME Governmental Bodies meetings are held bi-annually in order to set out the priorities and strategies for developing the MSMEs sub-sector of the various economies. It is also a forum where major achievements are discussed with relevant country experiences giving opportunity to participants to replicate and adapt such to their own localities. Furthermore, it gives the member countries a competitive edge over other economic coalitions as countries strive to gain economic and socio-political dominance globally.

Consequently, in line with the above, the specific objectives of the meeting are:

a. Exchange of experiences and best practices in the promotion and development of MSMEs.

b. Strengthening intra D-8 MSME promotion and development opportunities among the member countries that will be in attendance.

c. Identifying and monitoring the implementation of priorities in the promotion and development of MSMEs.

d. Sharing knowledge and experiences on best practices in small and medium enterprises development.

e. The drafting of the Multi-lateral Memorandum of Understanding that will be acceptable to all the D-8 member countries.

f. To outline positive steps to be taken towards encouraging and promoting Green SMEs for Sustainable development.

g. Regulating and ensuring implementation of SMEs projects and programs in D-8 framework through constant improvement mechanism, implementation, coordination, monitoring and efficient evaluation.

h. Assisting in mobilizing resources from different sectors including governmental and non-governmental development organizations, potential investors and financial institutions for the implementation of development programs and SMEs projects in D-8 framework.

i. Expanding D-8 supports for private sector in economic cooperation initiatives in D-8 SMEs.

j. Assisting sharing knowledge and experiences in small and medium enterprises development.

The foregoing are very noble objectives which, if fully achieved, will surely improve the fortunes of MSMEs in all member countries of D-8. I, therefore, encourage all member countries to strive towards achieving the outlined objectives in the spirit of the cooperation.

Distinguished ladies and gentlemen, as the meeting gets underway, I want to assure you that, Nigeria as a strong member of this cooperation, will continue to support you towards achieving not only the objectives of this meeting but the overall objectives of the D-8 Countries cooperation.

Thank you.