

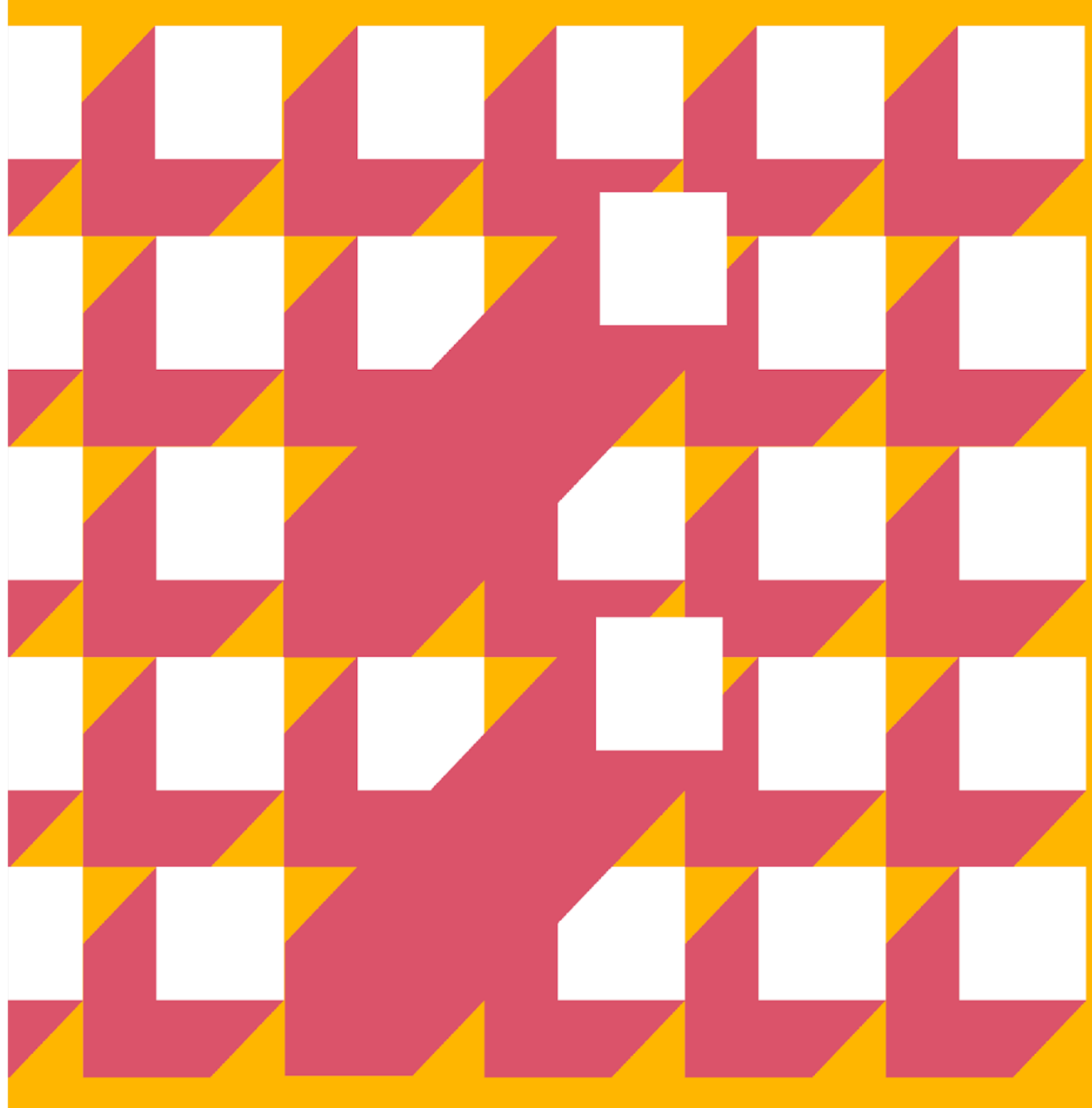
Moving from Caterpillar to Butterfly

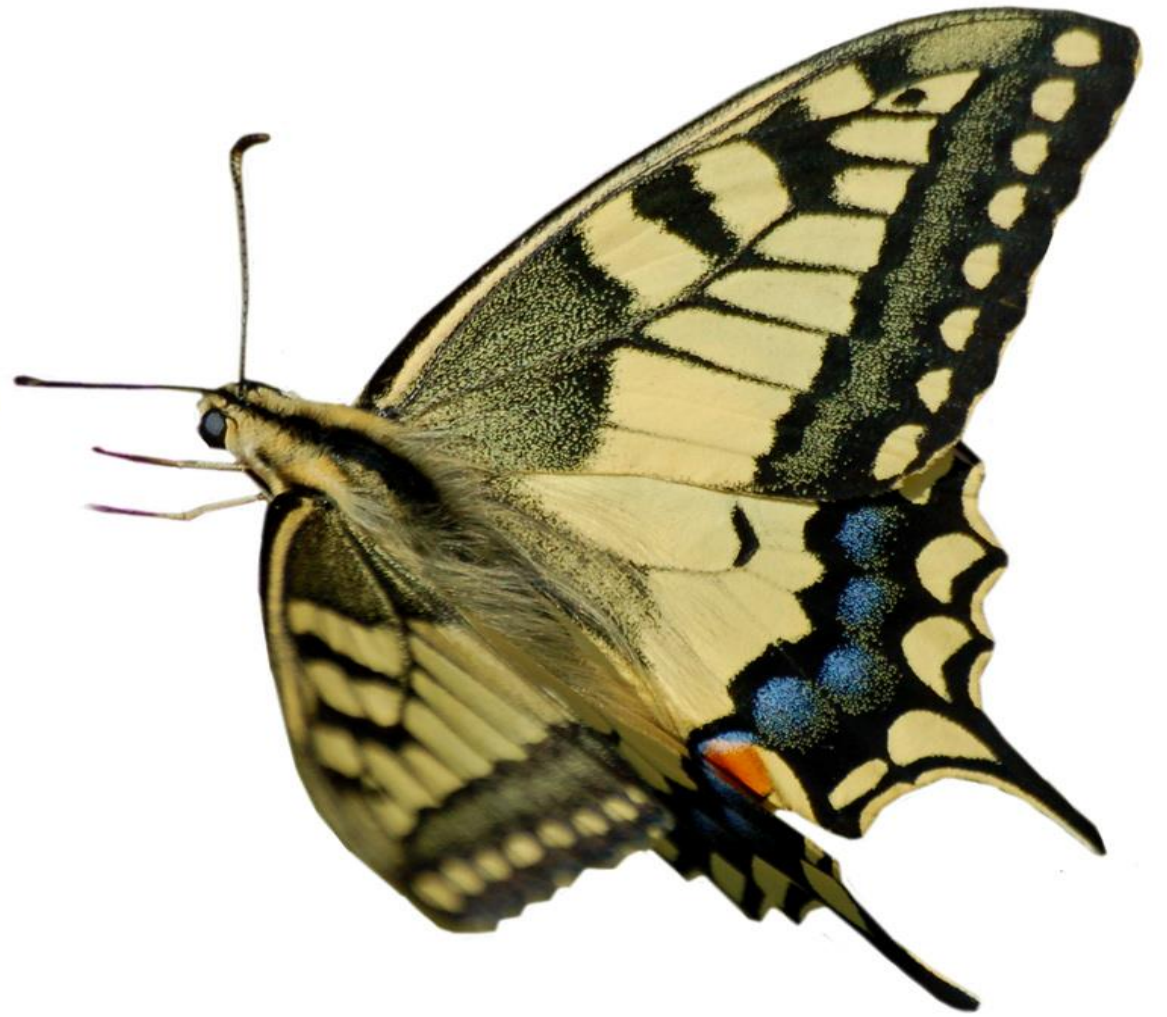
Growth strategies for SMEs
in Nigeria



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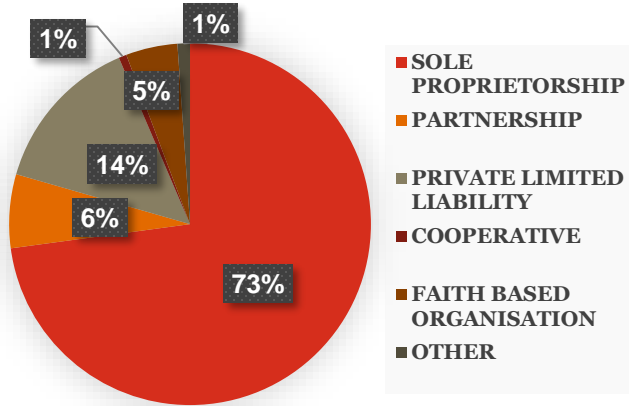




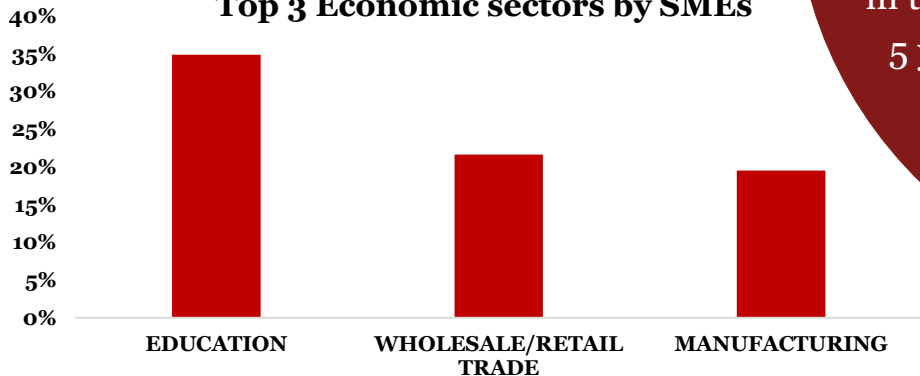
*The importance of the SME
sector in Nigeria*

The SME Sector is the engine of growth of any economy. They are the backbone of major developed economies, as well as important contributors to employment, economic and export growth.

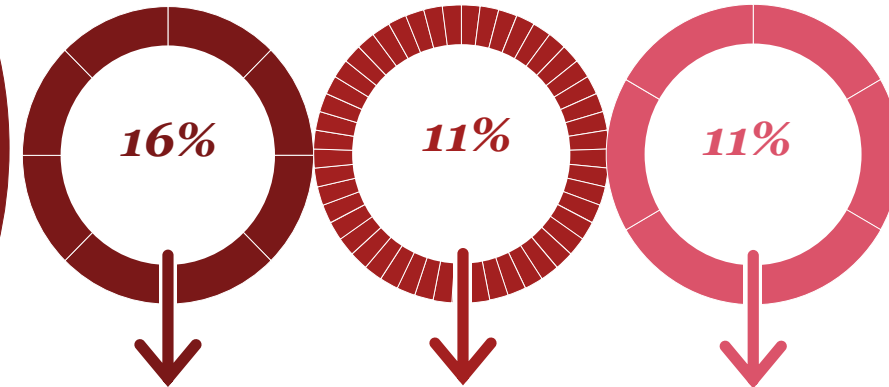
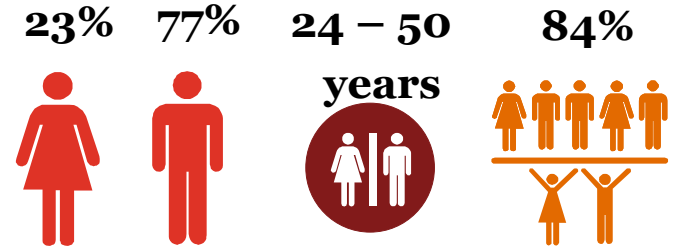
Ownership structure of SMEs



Top 3 Economic sectors by SMEs



SME ownership Age % of Labour Force



LAGOS
States with the highest number of SMEs
18%

KANO
4%

OYO
11%

% of total SME employment in Nigeria

Country-comparison of the strategic importance of the SME sector to various economies globally

Country	% of businesses	GDP	Employment
South Africa	91%	51.6%	60%
USA	98%	39%	53%
UK	99.9%	49.8%	
Germany	99.6%	75%	62%
Nigeria	96%	48%	84%

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*Challenges affecting growth
& survival*

Though significant growth has been achieved in the SME sector, there is still much to be done and challenges mitigating business growth and sustainability abound

Lack of access to credit and finance

Huge gaps in infrastructure e.g. power supply

High levels of unskilled workforce

Absence of financial management & lack of book-keeping practices

Public sector bureaucracy, corruption and regulation

Weak or absence of management & corporate structures

Poor financial disclosures & transparency for fear of “tax-man”

Economic challenges & uncertainty

Absence of corporate governance mechanism

Inadequate knowledge and skills of owner-managers

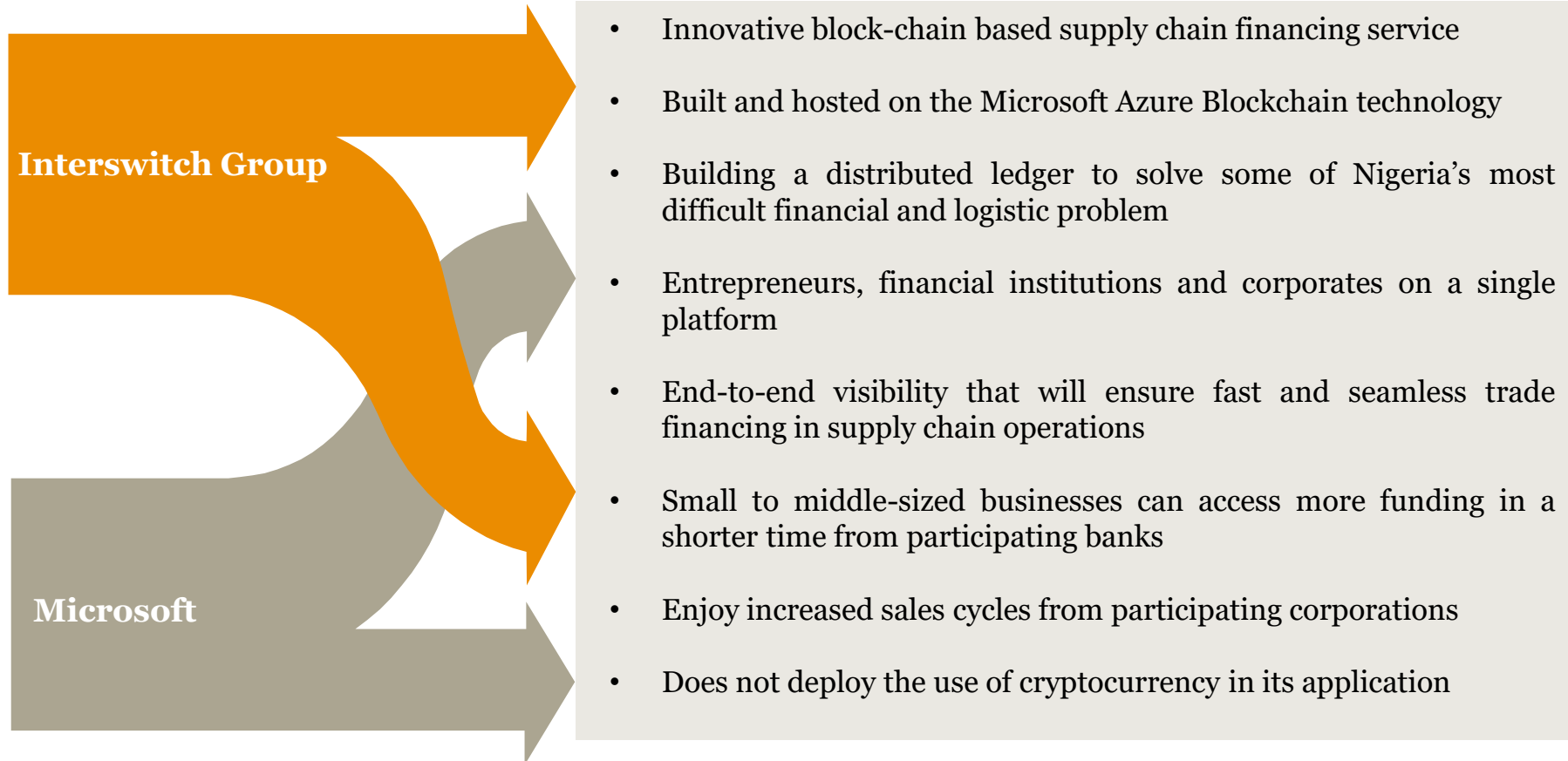
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*Strategies & opportunities
for growth*

Despite the challenges encountered by SMEs, opportunities & strategies for growth lie in the confluence where innovation and technology meet



Interswitch Blockchain Service (Supply Chain Module)



Fostering innovation using blockchain

“Blockchain and related technologies provide the potential basis to drive transformation across numerous business processes in multiple industries, to generate process cost savings worth billions of dollars and to create trust for complex ecosystems.

For this reason, Gartner now forecasts that, by 2025, blockchain will generate an annual business value of over \$175 billion, rising to over \$3 trillion by 2030”

<i>Payments Systems</i>	<i>Digital Tokens & Cryptocurrencies</i>	<i>Identity Management</i>	<i>Insurance Claims Management</i>
<i>Recording Rights Management</i>	<i>Healthcare Records</i>	<i>Supply Chain Traceability</i>	<i>Internal Audit</i>
<i>Emissions Trading</i>	<i>Letters of Credit</i>	<i>Sports Collectibles</i>	<i>Energy Capacity Management</i>
<i>Meat Product Provenance</i>	<i>Land and Title Registry</i>	<i>Regulatory Monitoring & Reporting</i>	<i>Supplier Management</i>
<i>Smart Cities</i>	<i>Insurance Product Placement</i>	<i>Birth Registry</i>	<i>KYC/AML</i>
<i>Central Bank Managed Digital Currency</i>	<i>Aid & Benefits Disbursement</i>	<i>Digital Wallets</i>	<i>Aircraft Parts Traceability</i>



• An IT supported platform with physical distribution capacity



• A one-stop network for farmers, input merchants, service providers, produce aggregators and off-takers to find each other and connect for business



• Uses technology to aggregate smallholder farmers' input needs to create economies of scale for benefits such as improved off-take, better prices and higher revenue



• Facilitates the availability of inputs and off-take markets at the right price to all users and help them to do more with less efforts



• Also makes credit and loan administration easier, seamless and automated. In addition, monitors and evaluates the performance of farmers

Daystar Power



Focuses on hybrid solar power solutions for commercial customers for either a cash sale or a monthly fee

Pan-African electricity company specializing in the generation of solar energy, with a focus on medium and small-scale solar systems (20KW to 2MW)

Continuously testing and adopting new best practices, technologies and solutions for energy provision

The Nigerian Agricultural Bank, the Bank of Agriculture and electricity supplier Daystar Power signed off on a cooperation deal for rural electrification in Nigeria in August

Delivers 3 benefits to consumers: Reducing the cost of energy; providing stable power supply and reducing pollution

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*Key business imperatives
necessary to grow from
caterpillar to butterfly*

The role environmental and societal responsibility will play in the future of all organisations is becoming more important

The business world is undergoing tremendous transformation

Digital technology disrupting whole industries

But sustainability is also becoming central to the conduct of business

For instance, in becoming a sustainable company, paying taxes is no longer a choice. It's a business imperative

Beyond innovation and technology, there are major principles every business must adopt in order to survive, thrive and expand in this environment

1

- Corporate governance

2

- Ethics – pay your taxes, salaries and other obligations as at when due

3

- Integrity

4

- Personal development and knowledge improvement

5

- Financial transparency

6

- Purposeful: solutions and values-driven business

Improving on corporate governance, ethical conduct and financial transparency is also key to unlocking credit for business growth



Most commercial banks in Nigeria now offer credit/finance schemes and events targeted at the SME sector in Nigeria



Some banks have ventured further to establish academies dedicated to capacity-building for SME owners and directors



In addition, others are promoting their banks as key financing partners of SMEs through dedicated media content e.g. radio, TV, newspaper and online programmes



The Small and Medium Enterprises Equity Investment scheme is a voluntary initiative of the Bankers' Committee



The Scheme requires all banks in Nigeria to set aside 5% of their Profit After Tax (PAT) for equity investment and promotion of small and medium enterprises.

Finally, SMEs that are strategic about advancing the SDGs are the ones that will thrive



Case studies of SMEs addressing SDGs in their business operations

Adnams produced the first carbon neutral beer, East Green SDG 12 & SGD 13: Responsible consumption & production/Climate action

Global Challenge

Millions of people around the world are affected every year by climate change and weather extremes. This means that businesses need to take active steps towards developing sustainable production practices that result in sustainable consumption.

Business Response

- Assessed the carbon footprint of their product lifecycle from farm to delivery
- Targeted key parts of the process where emissions could be cut.
- Developed carbon neutral beer, East Green in a brewery with Energy Recovery System that recycles 100% of the steam created.

Benefits

Enabled Adnams to quantify the risks to their supply chain, and identify opportunities for more sustainable practices to build resilience to a changing climate. By sourcing the barley locally, helping to fund local employment as well as reducing CO2 emissions released during transportation. The aphid-resistant hops reduces the use of pesticides.

M-KOPA addresses the tremendous demand for affordable off-grid energy by providing pay-as-you-go solar power and telecommunication technologies
SDG 7: Affordable and clean energy

Global Challenge

- Access to energy is key to the major challenges we face.
- Africa accounts for the largest population without access to energy lies.
- More affordable and low carbon technologies to combat climate change and achieve energy efficiency is important.

Business Response

- In Kenya, over 6 million off-grid households spend over \$1billion on kerosene.
- M-KOPA discovered that a home solar system worth US\$200 would be a better alternative.
- But the upfront cost was too high for homes to purchase.
- M-KOPA tackled this affordability problem.

Benefits

- So far, M-KOPA has connected over 340,000 homes in Kenya, Tanzania and Uganda.
- 99% of households have saved money on kerosene and phone charging by using M-KOPA's solar system.
- Average consumer savings over the product lifetime could be over US\$700.

SDG 6: Clean water and sanitation



- ITC Ltd. works with local governments in India to develop sanitation facilities and has built over 31,000 toilets to date. ITC Ltd. aims to provide access to sanitation, hygiene and solid waste management across India. Through information programmes, the company collaborates with local organisations; share costs of construction to provide demand-driven facilities.
- ITC Ltd. collaborates with municipal and regional governments to implement sanitation projects in 23 districts across 16 states.
- In total, 31,473 family-owned toilets have been built, 30 community toilets have been renovated or constructed and over 123,600 children have benefitted from the ‘WASH in Schools’ projects.

SDG 6: Clean water and sanitation



- Lumos offers affordable and clean solar power to homes and small businesses living off-grid in Africa
- Providing a service that monitors each system and secures it with advanced antitheft technology
- The company was launched in Nigeria in 2016, and has already sold 65,000 solar systems and provided power to 250,000 people.
- Lumos is now developing a nation-wide solar grid in the Ivory Coast

SDG 12: Responsible consumption and production



- Wecyclers is a project that has diverted over 3,000 metric tons of recyclable material from landfills
- A social enterprise addressing urban waste while empowering low-income communities in Nigeria.
- The initiative employs many young people from Lagos to increase youth employment, promoting sustainability and combating climate change.
- Platform uses cargo bikes to pick up recyclable waste from households and deliver it to hubs for repurposing.
- The collectors and participating households are rewarded with points to be redeemed for electronics, training classes, money or household items.

Thank you.



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