



Nurturing Public & Private Sector Collaboration for Entrepreneurship Growth and Development in Nigeria

Mapping Study of Nigeria's Entrepreneurship
Ecosystem

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...Entrepreneurs are one of the developing
world's most powerful economic forces.
- International Finance Corporation

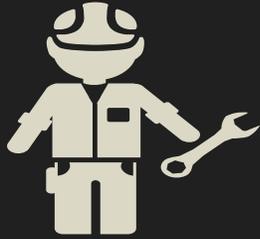


The Nigerian Entrepreneurial Activities at a Glance

Registered
Businesses

72%

of registered firms in
Nigeria are MSMEs



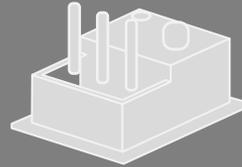
Job Creation

The Sector employs

84%

Of the Labour Force

Dominant sector



37%

of entrepreneurial activities are within the
food and beverages, manufacturing, real
estate & construction and ICT sectors

ICT

Increasing focus on Nigeria's ICT with



55%

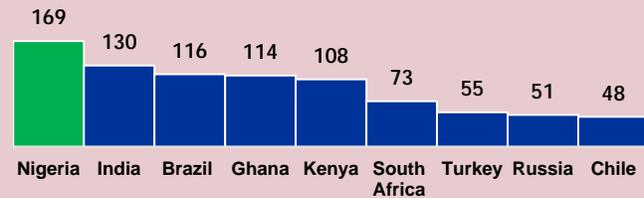
of most active start-up clusters
located in the South-West

Doing business in Nigeria

Nigeria ranked

169th

out 189 economies in the Ease of Doing Business



Enabling Environment

80%

of MSMEs rated enabling environment as one
of their most critical challenges.

Research & Development

70%

of entrepreneurs do not have patent
right

Opportunity-Driven Entrepreneurship



53%

of early stage entrepreneurs are driven by
opportunities to improve the socio-economic
environment

Survival Rate

High failure rate of

80%

within first 5 years of operation



Nigeria is a highly attractive market for entrepreneurs and addressing challenges around policy framework, infrastructure and human capital will create a more enabling environment for businesses to thrive...

There are positive factors in the economy that support entrepreneurship...



Large domestic market



Large labour force which accounts for 53% of total population



Increase in alternative forms of financing



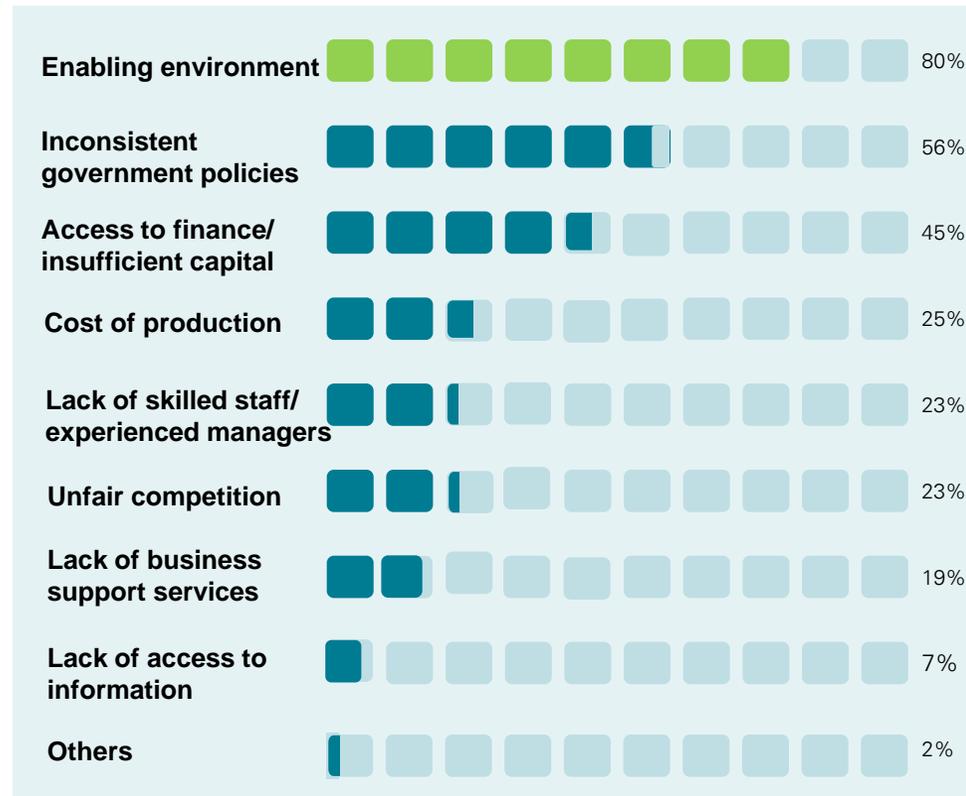
Strong entrepreneurship culture



Rapid evolution of the e-commerce sector arising from stable growth in mobile & internet penetration

However, conducting business in Nigeria is quite challenging...

Top Challenges MSMEs in Nigeria face



Targeted initiatives aimed at fostering an enabling environment will set entrepreneurial activity on a growth trajectory

Entrepreneurship Ecosystem Mapping: Work Approach

For the development of effective and sustainable MSME policies, the entrepreneurial ecosystem in Nigeria needs to be mapped to aid policy review and implementation processes around creating an enabling environment to drive entrepreneurship and enterprise development.



Identify **key components** of **Nigeria's entrepreneurship ecosystem**

- Key players
- Roles
- Interdependence
- Impact on the Nigerian economy



Review the **roles** and **impact** of each critical component

- Key activities
- Impact & Strengths
- Gaps & Limitation



Cross-country review with similar demographics to Nigeria

- **Highlighted key learnings from Chile, Kenya, India zeroing on the critical policy levers responsible for creating a favorable business environment**



Identify **key policy and initiatives** required to enhance an effective entrepreneurship system in Nigeria

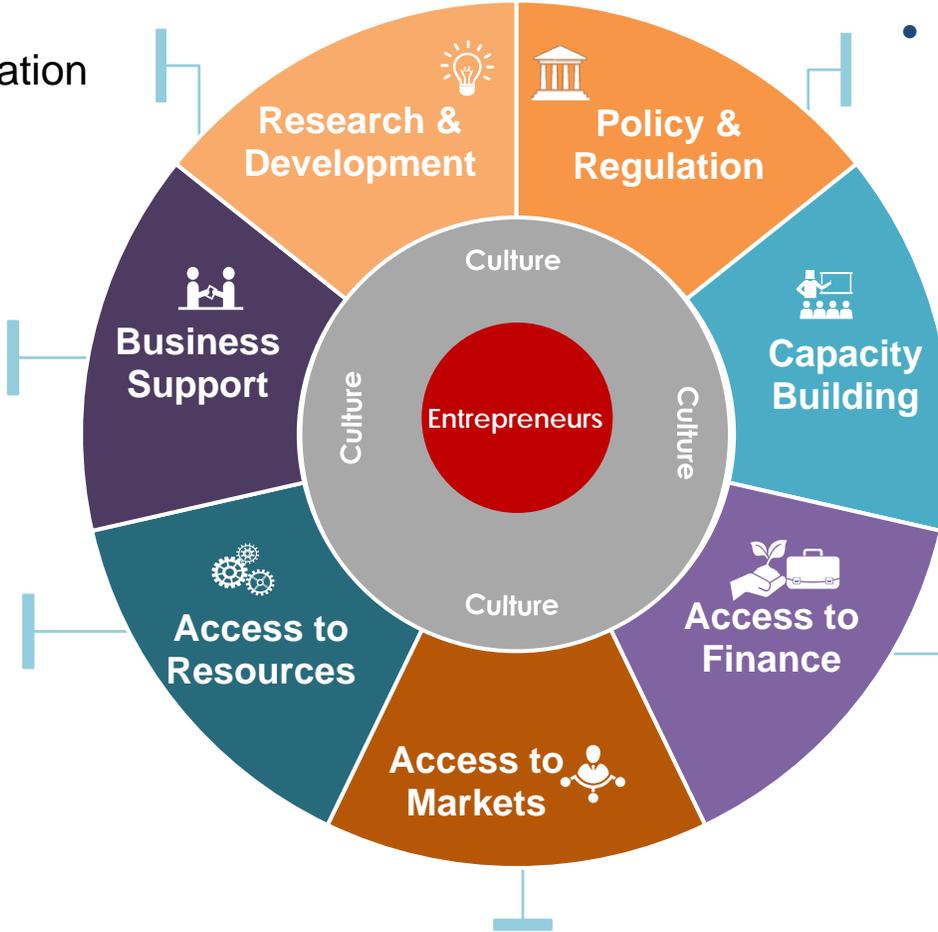
- **Reviewed policies at play to identify are improvement areas and synergies opportunities**

The entrepreneurial ecosystem consists of interconnected determinants and various actors responsible for ensuring that these factors function in a way that is mutually reinforcing...

- Foster a culture of innovation

- Nurture entrepreneurs through mentoring, coaching, consulting and support services

- Access to important data, information, tools and infrastructure



- Foster an enabling and competitive environment for doing business through policy and regulatory frameworks

- Identify and train through workshops, bootcamps and vocational skill acquisition activities

- Provide direct and indirect funding

- Linkages with distribution networks/domestic and international trade opportunities

Active engagement with different components of the entrepreneurship ecosystem will create more alignment, synergy and impact....



Policy & Regulation - Government



Key Gaps/Challenges

- Overlaps in the role and initiatives of public sector players
- Limited capacity and funding for policy implementation
- High mortality rate of policies, programs and initiatives
- No institutionalized, Monitoring & Evaluation and Reporting framework for government interventions

Opportunities



- **Tailored approach to MSME intervention programs:** based on a needs assessment.
- **Bottom-up approach to developing MSME interventions:** Interventions have been more successful where the private sector are involved in designing solutions rather than providing prescriptive recommendations.
- **Development of feedback mechanism and representation of entrepreneurs:** there is need for associations to be proactive in articulating and communicating clearly critical challenges they face to relevant authorities e.g. multiple taxation in LGAs.

Early-stage entrepreneurship education will build the right foundation for business growth and scalability



Capacity Building – Vocational Training Centres, Entrepreneurship Development Centres, NGOs/Foundations, Incubators/Accelerators, Faith-based Organizations, Financial Institutions etc.



Key Gaps/Challenges

- The educational system does not promote a culture of entrepreneurship
- Persistent mismatch between graduate skills and industry requirements
- Investment in training employees is often not a priority

Opportunities



- **Integrate entrepreneurship education and vocational training into the educational system**
- **Improvement on internship and placement programs at a national level**
- **Collaboration among players to implement capacity building programs:** Lending institutions should collaborate with accredited development centers as a means of equipping businesses with a minimum level of managerial skills to manage loans

Though funding constraints remain, opportunities for start-ups to access alternative forms of funding (angel investors and accelerators) are gradually increasing



Access to Finance – Lenders, Investors, Donor Agencies/Multilaterals, Government, NGOs/Foundations, Corporates etc.



Key Gaps/Challenges

- Difficulty in identifying sustainable business ideas to fund
- Insufficient awareness of alternative financing sources
- Stringent criteria for assessing loan applications
- High cost of capital
- Finance and funding framework does not address peculiarities of entrepreneurship segment

Opportunities



- **Expansion in business angel networks and venture capital in the ecosystem:** There is need for increase in the pool of seed funding investors
- **Equity insurance for investors:** The deposit insurance scheme for depositors funds can be extended to boost investors confidence by implementing a policy guideline which provides coverage for investors in the event that investments go bad
- **De-risking of SME lending particularly in high priority sectors to encourage participation**
- **Delivery of interventions through cooperative model:** Cooperative societies in other countries have played a role in bridging lending and home financing gaps

Creating a network of support hubs/ clusters will improve access to support services



Business Support – BDSPs, Entrepreneurship Development Centres, NGOs/Foundation, Professional services, Consultants, Mentors, Accelerators, etc



Key Gaps/Challenges

- Difficulty in identifying and accessing competent Business Development Service Providers
- Entrepreneurs do not trust the service of BDSPs because there is currently no measure ascertaining the authenticity of players in the space.

Opportunities



- **Collaboration among players to implement robust business support programs:** Linkage models to be developed where funding providers can target recipients of structured capacity and business support providers as a way to improve their success rates.

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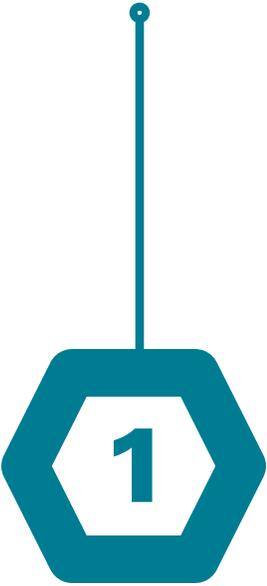


As with a natural ecosystem, the Nigerian entrepreneurship ecosystem can be balanced only when all of its components are in harmony and efficiently playing their roles

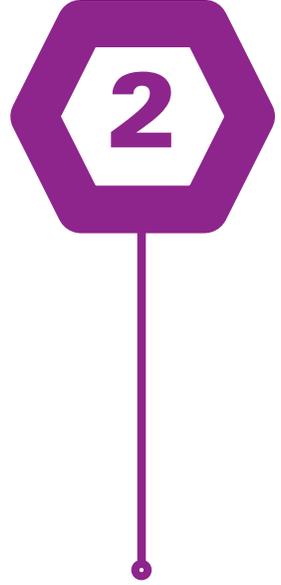


Key Takeaways

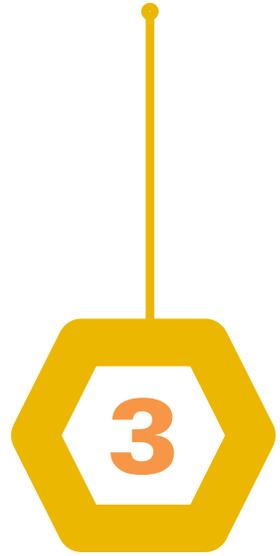
Government a key driver of change in entrepreneurial culture



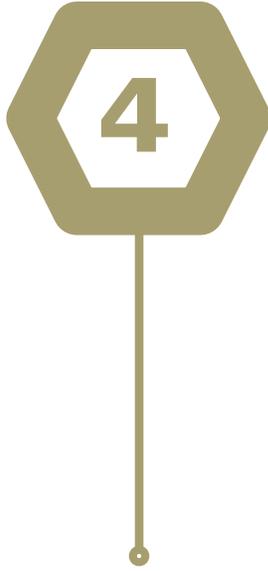
Appropriate policy improvements will help improve funding outcomes



Collaboration is crucial to developing the entrepreneurial ecosystem



Ecosystem support for high impact segments is crucial



Data is critical for all ecosystem elements to succeed.





Thank you

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