**MAPPING OF NIGERIA’S ENTREPRENEURSHIP ECOSYSTEM**

**CONCEPT PAPER**

**JULY 2016**

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1. **About FATE Foundation**

FATE Foundation (FATE) was founded in March 2000 by Mr. Fola Adeola (Founder & Pioneer Managing Director of GTBank) with a mission to foster wealth creation and entrepreneurial development among Nigerians. Over the last 16 years, we have trained over **4,200 entrepreneurs** in our Aspiring, Emerging and Special Entrepreneurs Programmesandtrained over **28, 437 participants** via our short term entrepreneurship certificate courses. During this time, we have also encouraged over **60, 700 Nigerian youths** on the path to entrepreneurship. About **65%** of our AEP & EEP alumni are actively running their businesses and most are beneficiaries of FATE’s business and alumni support services.

Observing a gap in relation to policy advocacy within the Nigerian business space over the last 16 years, we recently expanded our focus to include research and policy advocacy around entrepreneurship in Nigeria with the aim of promoting the development of an enabling business environment for small and growing businesses. We do this using our Research – Dialogue – Advocacy approach. Firstly, we identify critical thematic issues and carry out research to ascertain facts and figures; then we bring major stakeholders together to have a conversation on the problems and solutions and also get their institutional buy-in; after which we begin the lobbying and advocacy process among relevant stakeholders.

Our Inaugural Policy Dialogue programme in 2015 was themed “Positioning MSMEs for Growth”. This year, our policy dialogue which is scheduled to take place on **Thursday, September 29, 2016** will focus on the theme - “**Nurturing public and private sector collaboration for Entrepreneurship Development and Growth in Nigeria”**.

As part of measures to ensure qualitative discussions at our annual policy dialogue program and provide a basis for our policy advocacy activities for the year, we develop and/or commission research reports annually. This ensures that we proffer research and data based solutions that can facilitate policy design, review and implementation at national and subnational levels. In 2015, we commissioned a research report to review the Nigerian MSME Policy Environment which we distilled into a 20-page document for use at the policy dialogue event.

Following the discussions and recommendations proffered at the 2015 annual FATE Policy Dialogue Series on Entrepreneurship, we joined the Nigerian Association of Small and Medium Enterprises (NASME) and DFID’s Enhancing Nigerian Advocacy for a Better Business Environment (ENABLE) to form a coalition that will lead the advocacy process for Tax policy reviews and implementation in Nigeria. We also working with the Manufacturers Association of Nigeria (MAN) and ENABLE to drive the Buy made-in-Nigeria campaign and lead the advocacy process for the review of the Nigerian procurement act. The drive for the review of the procurement has received some traction as the bill to amend the procurement has been passed by the Nigerian senate.

1. **Background on the 2016 Research on Mapping the Nigerian Entrepreneurial Ecosystem**

Building on the outcome of the 2015 Policy Dialogue, this year’s program will focus on the key building blocks required to create synergies and collaboration between the public, private and development sectors to enhance the development of sustainable impact driven enterprises/ventures in Nigeria.

While we strongly believe that public-private collaborations would make for greater positive impact on the Nigerian business environment, we also know that without adequate information on enterprise development in Nigeria, policy makers will not make informed decisions. For the development of effective and sustainable MSME policies, we believe that 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.

As we advocate for stronger collaborations between public sector and private sector led MSME organizations for entrepreneurial growth and development in Nigeria, we have decided this year (2016) to commission a research report that will “**Map Nigeria’s Entrepreneurial Ecosystem in Nigeria”**.

1. **Objectives of the Nigerian Enterprise Ecosystem Map**

Our objectives regarding the mapping exercise will cover the following:

* **Identify key components of Nigeria’s entrepreneurship ecosystem** particularly private, public and development organizations and institutions that have been and/or are crucial to entrepreneurship growth and development in Nigeria;
* **Review the role of each critical component to the development of Nigeria’s entrepreneurial ecosystem** and assess how they have contributed to entrepreneurship and enterprise growth and development in Nigeria;
* **Review examples from other countries with similar demographics to Nigeria** like Kenya, India, Chile etc. who have achieved success with building thriving entrepreneurship ecosystems and have witnessed subsequent socio-economic growth and development and who’s success can be rated using global success indices e.g. Ease of Doing Business index
* **Identify key policy levers that are required to help enhance the development of an effective entrepreneurship ecosystem in Nigeria** and reveal key policy levers that have a history of success while also revealing key factors present in the Nigerian business environment that will largely determine the success of such policy levers.
1. **Scope**

The Report on Nigeria’s Entrepreneurial Ecosystem Mapping will cover the following key areas:

* Entrepreneurship determinants
* Entrepreneurship performance
* Impact
* Policy recommendations

**Entrepreneurship determinants** would measure the key factors that affect entrepreneurship e.g. specific policies, business development services, access to finance, availability of venture capitalists etc. The table below gives an overview of these determinants:

|  |  |  |
| --- | --- | --- |
| **S/N** | **Area of Focus** | **Mapping/Measurement Information** |
| 1. | Finance | Availability of Government & Developmental financial institutions, microfinance institutions, venture capitalists, angel investors, finance policies etc. |
| 2. | Business Support | Availability of Incubator & accelerator systems, industry networks and strength of such networks, availability of legal/accounting services etc. |
| 3. | Policy  | Types of Micro, Small and Medium Enterprises (MSME) policies introduced over the years; both supportive and non-supportive policies, tax rates, tax incentives, cost of starting a business, ease of starting a business etc. |
| 4. | Markets  | Access to markets, size of domestic market and sales, size of international market and sales, target market size, market potential |
| 5. | Human Capital | Availability of entrepreneurial training outfits/organizations, quality of education, graduation rates etc. |
| 6. | Infrastructure  | Availability and access to telecommunication, availability and access to electricity, availability and access to infrastructure, good road network etc. |
| 7. | Research & Development | Patent rights and protection of patent rights |
| 8. | Entrepreneurship Culture | Cultural dynamics which impact entrepreneurial motivation |

**Entrepreneurial performance** would measure specific activities that entrepreneurs perform which ultimately delivers impact e.g. number of businesses in the economy, number of high-growth firms, employment figures, survival rates, mortality rates, wealth generated etc.

**Impact:** The value created by entrepreneurs and entrepreneurship should be measured in macroeconomic terms such as GDP growth, employment, income distribution, size of the formal MSME sector vs Informal MSME sector, economic growth, job creation, poverty reduction etc.

**Policy recommendations and next steps**: Research-based policy recommendations and action steps that can guide policy makers in introducing and implementing policies that will aid the development of a thriving entrepreneurial ecosystem in Nigeria would be included.

**Geographical Coverage**: The geographical coverage for this exercise is a national one. However, the outcome of this research will determine how and when we will go about carrying out entrepreneurial ecosystem mapping at sub-national levels looking at target geographical regions/cities/towns/states.

1. **Research Implementation Approach and Methodology**

To ensure the research was carried out using leading global practices and in-depth methodology, we sent out an RFP to leading consulting firms and through an independent review process, selected KPMG Nigeria to carry out the research on the basis of their proposed methodology, experience on similar assignments and good credentials regarding the Nigerian enterprise and MSME development space.

**KPMG’s Approach**

Using key tools such as focus group discussions, extended depth interviews, stakeholder selection and prioritization tool and analytical frameworks, KPMG’s proposed approach will involve:

* A Comprehensive review of the Nigerian Enterprise Ecosystem and Policy environment;
* Case Study analysis covering demand and supply elements of the Nigerian enterprise ecosystem;
* In-depth analysis and graphical representations with appropriate use of concise infographics;
* Inclusion of insightful findings from Focus Group discussions and Stakeholder interviews;
* Presentation of detailed ecosystem mapping; and
* Articulation of practical and high-impact recommendations
1. **Institutional Support and Timing**

Our key partnership considerations to targeted organizations for this research are in three key areas:

* **Technical Support:** We have been able to secure KPMG’s technical support for this research. Our budget outlined above was based on significantly discounted fees from KPMG. This is based on their own interest in enabling thought-leadership within the Nigerian MSME space and also a strong interest in the mapping exercise. Apart from supporting with the research work, they will also support with the data dissemination to critical stakeholder groups.
* **Institutional Support:** This is with respect to institutional partners whose buy-in is critical to sourcing of data and follow on policy advocacy from the findings of the report. Key institutions we have already confirmed institutional partnership with are the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN) and the Nigerian Economic Summit Group (NESG).
* **Financial Support:** The Ford Foundation office in Nigeria has committed financial support towards this project.

We expect KPMG to commence the planning work for this research over the next couple of days and estimate that the report will be ready by mid-September before the September 29th Policy Dialogue.

**7. Contact Details**

Should you require more details please note that any of the following can be contacted for additional information and/or any clarification:

**Adenike Adeyemi**

Executive Director, FATE Foundation

Email: adenikeadeyemi@fatefoundation.com

Phone: 08083858200

or

**Amaka Nwaokolo**

Associate, Research & Policy, FATE Foundation

Email: amakanwaokolo@fatefoundation.com

Phone: 08186056380