



BUSINESS LINKAGES

Monitoring & Evaluation Report

Quarter Four :
October - December 2020



MSME Development and Linkages

The MSME development and linkages project is a strategic initiative designed to help build relationships amongst actors in the micro, small, and medium enterprises (MSME) landscape to ensure optimal productivity and increased income for enterprises. It strengthens platforms that enable MSMEs to access quality business support services, market and funding opportunities which enable the enterprises to grow and be more competitive in both local and global markets.

PIND's activities for the quarter focused on supporting the innovations of the business service providers as they try to adapt their service offerings to meet the needs of the small enterprises such as entrepreneurial skills development for small businesses, upgrading business systems, formalizing business operations, and supporting them to access funding opportunities from financial institutions.

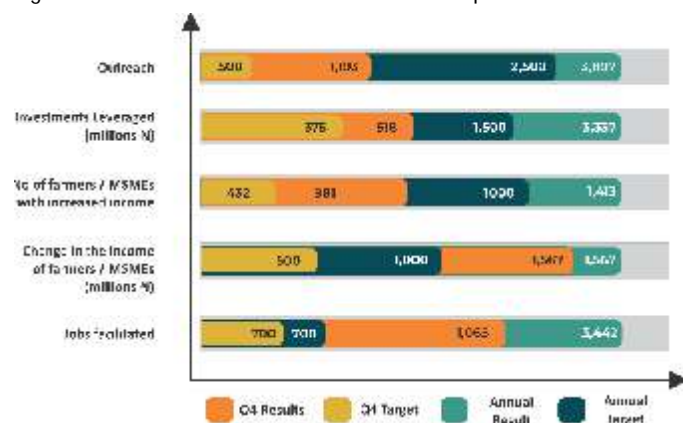
Adapting new strategies to expand business support services to more MSMEs

Business service providers offer various suites of services to MSMEs to build their capacity and improve their competitiveness and growth. These comprised business diagnostics and upgrading, business management training, marketing strategies, and linkages to funding and market opportunities.

This quarter, four business service providers supported 1,193 (500 female-owned) MSMEs with various forms of business development services such as entrepreneurship training, linkages to market and agro-inputs, business and financial management, and linkages to financing opportunities. Through the support of the BSPs, 234 MSMEs, including 83 female-owned enterprises, were enabled to access 518 million Naira worth of loan from NIRSAL-MFB. The activities of the BSPs are broken down in the table below:

- o In Bayelsa State, Zigha Ayibakoro Limited (ZAL), a BSP, provided enterprise and financial management training to 351 (125 female-owned) MSMEs to strengthen their financial management skills necessary for attracting finance for their business.

Figure 6. Performance status of MSME development as at Q4 2020



- o In Cross River State, Agribiz Concepts Enterprises (ACE) provided training on enterprise management and linkage to agro-input suppliers for 511 (266 female-owned) micro-enterprises. Also, ACE identified and conducted business diagnostic and upgrading support to an additional 59 (18 female-owned) SMEs and linked them to new markets with 14 of the SMEs accessing loan from NIRSAL-MFB.
- o In Delta State, Dorbudee Consulting, a Master Business Service Provider organized access to finance support and linkages to 220 (75 female-owned) businesses on the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) Micro-Finance Bank (MFB).
- o In Ondo State, Green-Shield Integrated Technologies Nig. Ltd (GSI), a Master Business Service provider organized entrepreneurship and financial management training to 52 (16 female-owned) MSMEs to enable them to improve their business practices and attract the finance necessary for their business development.

Adding the 2,704 MSMEs reached in previous quarters brings the total MSMEs reached in 2020 to 3,897 surpassing the 2,500 target for 2020. The business service providers leveraged the opportunities created by the financial schemes of the Central Bank of Nigeria Government to increase outreach to more MSMEs in the Niger Delta.

Stimulating changes in sales and income of MSMEs

In Q4 2020, 517 MSMEs²⁹ carried out new improved transactions out of the 1,193 MSMEs³⁰ that accessed various business support services.

The average monthly sales from the previous studies for micro businesses was 247,393 Naira; 1,517,918 Naira for small businesses; and 89,567,159 Naira for medium enterprises. Due to increased business activities in Q4 2020 as Covid-19 restrictions were relaxed, sales and income for the three months of Q4 were all attributed. The net sales of 517 MSMEs was estimated to be 1,541,273,769.62 Naira, while their net income was estimated to be 366,405,647.44 Naira (Figure 6), disaggregated as follows:

- Combined sales turnover of 467 micro businesses = 288,558,118.93 Naira
- Combined income of 467 micro businesses = 102,074,498.90 Naira
- Combined sales turnover of 46 small enterprises = 177,856,008.40 Naira, at an average of 3,866,434.96 Naira
- Combined income of 46 small enterprises = 64,448,243.04 Naira
- Combined sales turnover of 4 medium-sized businesses = 1,074,859,642.30 Naira, at an average of 268,714,910.57 Naira
- Combined income of 4 medium enterprises = 199,882,905.50

Galvanizing MSMEs to create more jobs

Using jobs multipliers³¹ from previous impact studies on the different categories of MSMEs, and complemented with the transformation ratios from the outcomes monitoring exercise, PIND estimated the total jobs created by the 517 MSMEs adjudged to have experienced a significant increase in income in Q4 2020 to be 1,065 FTE jobs (Figure 6). These new jobs were created to support MSMEs' increased business operations. The cumulative contribution to job by the MSMEs with improved transactions for

2020 was estimated to be 3,442, which surpassed the 700 jobs target for the year.

For micro-enterprises, especially in the agriculture sector, more laborers were required to carry out various farm management activities.

Leveraging investment through the Central Bank's AGSMEIS program

One of PIND's priorities in 2020 is to deepen relationships between its business service providers and financial institutions, particularly the Central Bank of Nigeria to unlock access to capital for small enterprises under various financing schemes such as the Anchor Borrowers Program (ABP) and the Agri-Business/Small and Medium Enterprise Investment Scheme (AGSMEIS). Both initiatives are in line with the apex bank's development function/

The ABP loan targets smallholder farmers engaged in the production of identified commodities, while AGSMEIS support the Federal Government's efforts and policy measures for the promotion of agricultural businesses and small/medium enterprises as vehicles for sustainable economic development and employment generation.

In Q4, Dorbudee Consulting trained and supported 220 MSMEs to access 517 million naira from NIRSAL-MFB. Also, Agribiz Concepts Enterprises trained and supported 14 SMEs to access 11.5 million naira from NIRSAL-MFB. The loans were given to enterprises in different agriculture and non-agriculture sectors to fund the acquisition of new equipment and technologies, and to improve their working capital to meet existing market opportunities. This gives a total of N518.5 million worth of loan catalyzed through the BSPs in Q4.

In addition to the 2.819 billion Naira loans recorded Q3, the total investment leveraged through debt financing so far is 3,337 billion Naira, exceeding the year's target of 1/5 billion Naira (Figure 6).

²⁹ Disaggregated into: 467 micro businesses; 46 small businesses; and 4 medium enterprises.

³⁰ Disaggregated into: 1,102 micro businesses; 85 small businesses; and 6 medium enterprises.

³¹ Evidence from 2017 and 2018 assessments showed one micro enterprise with improved business transactions averagely created 1.18 job (when converted to a full-time equivalent); small businesses with improved transaction were creating 5.81 jobs, while medium enterprises were creating 33.11 jobs – as a result of the expansion in their businesses.