

# Rethinking SME Linkages in Northern Nigeria

**Kate Meagher**



**London School of Economics**

# Key Concerns

- Need for more inclusive growth – who included? in what? on what terms?
- Need for more SME linkages – what kind of linkages: global, domestic, to formal or informal labour mkts?
- Multiple visions of a mfg-oriented Nigeria, of how to link up with SMEs

# Size of the Problem

- 10 yrs 7% avg growth until 2015
- Jobless growth, uneven growth: concentration of unemployment, poverty, illiteracy in north
- High population growth – 3.2% -- highest in north
- Unemployed Youth – 11.1 million (2012) + 1.8 mil. more each yr.
- Youth participation in agric 27% nationally -- 37% in northern Nigeria



<https://iitayouthagripreneurs.wordpress.com/>

# Size of the Problem



From NSRP (2014) Winners or Losers?

## Can SMEs lead the way?

### Total existing jobs in major sectors:

- Oil and gas: 2.8 mil
- Leather and leather goods: 700,000
- Construction: 6.9 mil
- Textile&tailoring: 524,000
- **Ttl employment in major non-agric sectors: 10.3 mil**
- Nigerian SMEs = 23,000, employ 39,500 ttl
- Not enough to make an impact

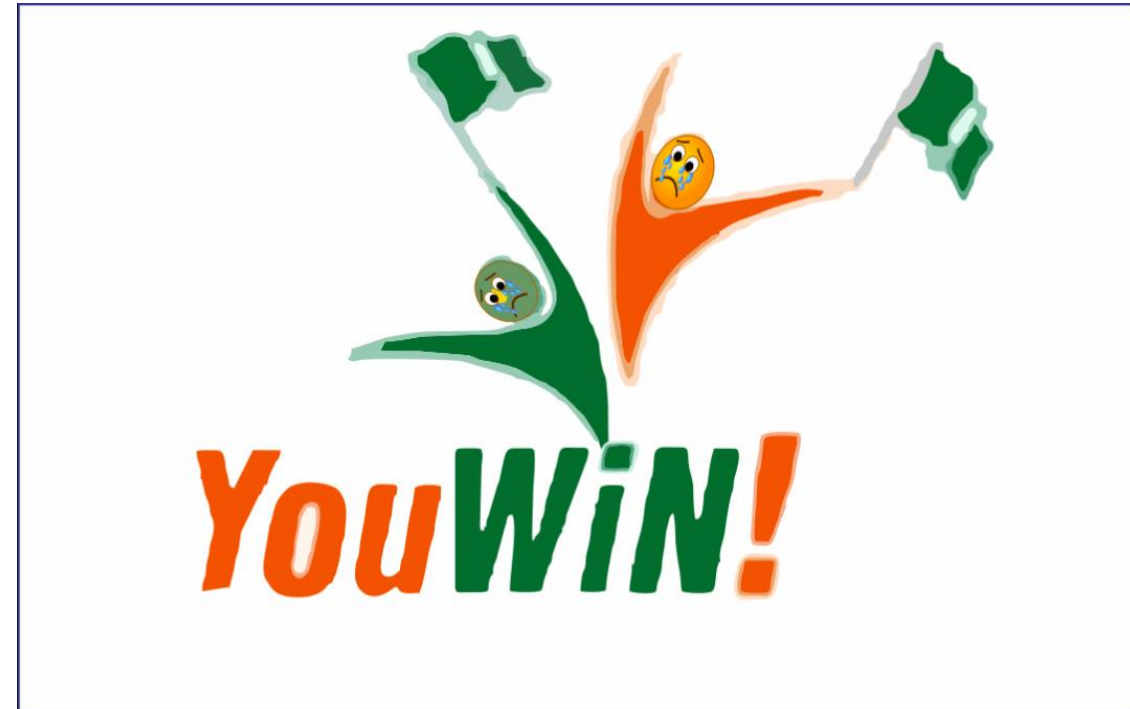
# Rethinking SME Linkages

**Can't avoid engaging with micro-enterprises/informal economy** – ttl no = 17.2 mil.

- Current programmes ignore the dynamics of IE where most empl't created: saturated, tensions of indigeneity, educational tensions

**Staple job-creation programmes not working:**

- Graduate entrepreneurship progr's; GVC integration (selective inclusion)
- Move straight from IE to precariat, or squeezed out of IE – political risks of demeaning/exploit'ive employ't
- Disaffected people reimagining a different future not always constructive (as evidenced in US elections!)



<http://gaskiyaspot.com.ng/2016/02/21/youwin-nigeria-verge-losing-1500-vibrant-businesses/>

# Rethinking SME Linkages

## What do we know about SME linkages and job creation?

- Domestic linkages vs GVCs (V-Goods; Gereffi and Luo);
- Domestic/regional not global linkages (Capture the Gains)
- Production systems, not more entrepreneurs and 'aggregators' (Chang)
- need for dignified livelihoods (class, gender, occupational status)

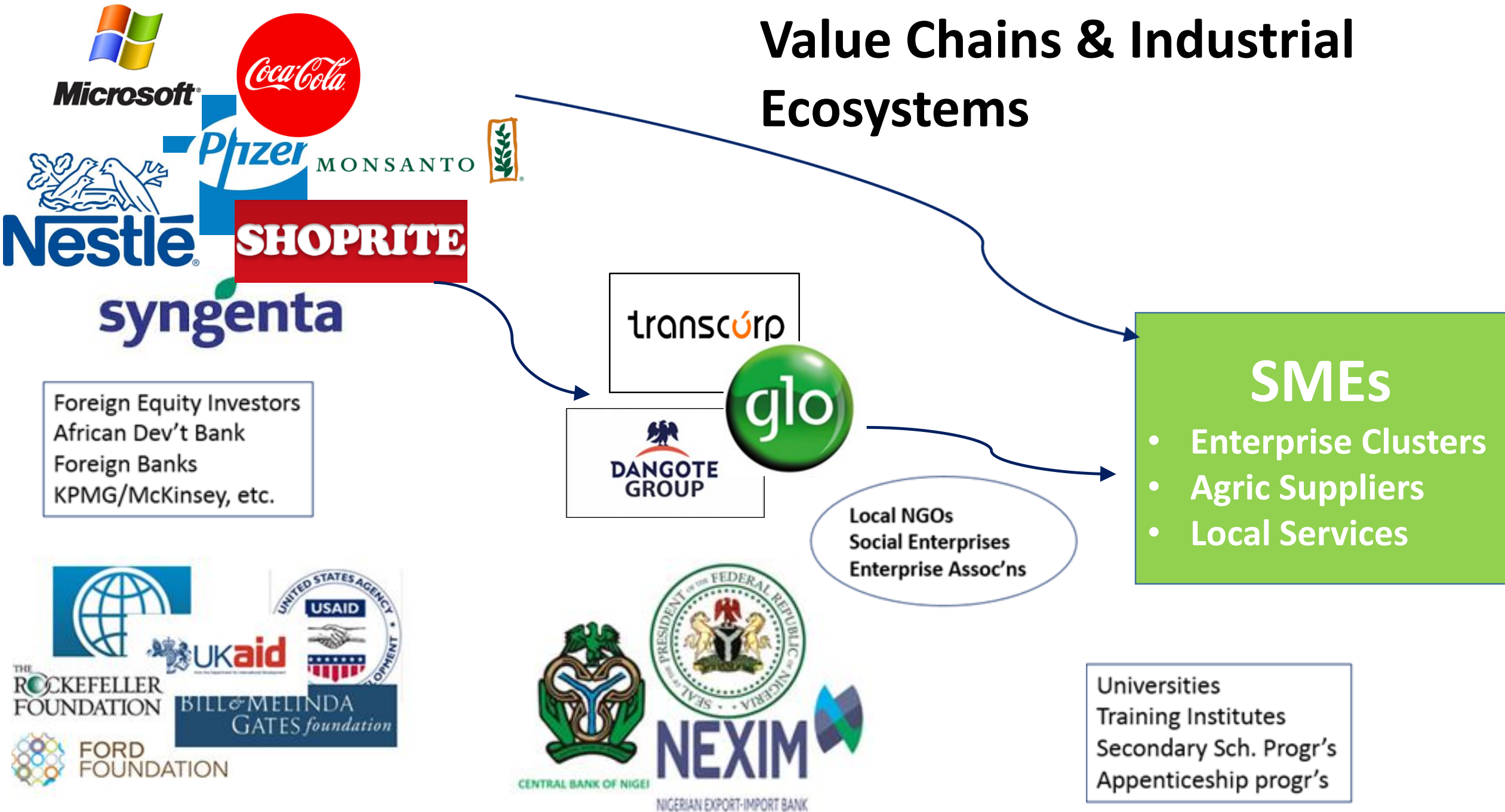


From Goger et al. (2014) Capturing the Gains in Africa

*....this relationship between insertion into GVCs and development is not automatic and the outcomes can be very uneven. In many cases, economic growth has instead been achieved through a low-road development strategy, in which growth on the business side is associated with the erosion of social protections, rights, and wages for workers and declining market access and bargaining power for small businesses.... **in the African context, GVC participation in itself is not enough to ensure that small producers and vulnerable workers will be better off.***

*Goger et al. **Capturing the Gains in Africa: Making the Most of Global Value Chain Participation** (2014:1-2)*

# Value Chains & Industrial Ecosystems



## SMEs

- Enterprise Clusters
- Agric Suppliers
- Local Services

Foreign Equity Investors  
African Dev't Bank  
Foreign Banks  
KPMG/McKinsey, etc.

Local NGOs  
Social Enterprises  
Enterprise Assoc'ns

Universities  
Training Institutes  
Secondary Sch. Progr's  
Appenticeship progr's



# Addressing the Demand Problem

- Production for huge home market
- Public procurement
- Mobilization of business ecosystem around domestic private sector – for high as well as low value jobs, basic as well as world class goods, industrial learning, not ‘paraskilling’
- Can build domestic control of value chains within WTO rules
- exceptions for dev’ing Cs, don’t have to bind all tariffs, exceptions for dumping and BoP problems, some subsidies allowed (R&D, upgrading disadv’d regions, ...)



<http://www.thenational.ae/arts-lifestyle/fashion/nigeria-designer-hopes-handbags-will-show-different-side-of-homeland>

# Addressing the Supply Problem

## Education geared to needs of global or domestic private sector?

- TVET – Standard?
- Sec school tech. training (Ghana)
- Skill linkages with public institutions – universities, research institutes (engineering, computer science, leather research, chemistry, management)
- Apprenticeship – lessons from Germany
- Cluster upgrading: leather; textile, tailoring and embroidery; meat



<https://www.linkedin.com/company/national-research-institute-for-chemical-technology-narict->



<http://myspice.tv/nigerias-kano-factory-revealed-as-the-provider-of-louis-vuittons-leather/>



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