



Enabling Nigerian firms to become export ready

Three initiatives, supported by the Policy Development Facility Bridge Programme (PDF Bridge), are strengthening Nigeria's ability to trade beyond its borders: the Network of Practicing Non-Oil Exporters of Nigeria (NPEN), a collaborative hub for trade associations; an export mentorship programme, which links experienced exporters with new and growing export businesses; and training sessions for micro, small and medium enterprises (MSMEs) intending to export non-oil goods.

Introduction

Global trade in non-oil goods is more important than ever for the economic growth and development of Nigeria. Against a backdrop of falling oil prices, businesses in the country have been investing instead in agriculture and manufacturing, with a view to exporting throughout the newly ratified African Continental Free Trade Area and to global markets. But exporting goods isn't straightforward: complying with export laws and regulations can be a complex process, and guidance is hard to obtain.

These problems are particularly pronounced for MSMEs and businesses that are newly branching out from domestic to international trade. These firms also tend to be under-represented when it comes to the formulation of trade policies and the provision of government support. The same can apply to some business membership organisations, which are not necessarily skilled in advocacy at political forums. To make sure that businesses, whatever their size, are equipped with the skills and knowledge necessary for exporting non-oil goods – and that their views and experiences feed into government decisions on trade – PDF Bridge worked on three initiatives for change.

Road to change

At the outset of its work programme, PDF Bridge conducted a needs assessment to get direct feedback from MSMEs, government bodies, financial institutions and business service providers on the areas in which capacity should be strengthened in order to make Nigeria export ready. Problems highlighted by respondents included a lack of market linkages and intelligence, inadequate finances, and limited knowledge on the requirements of destination countries and on export documentation. This feedback informed an innovative approach – facilitating support as well as providing it directly – developed by PDF Bridge and implemented through the following initiatives.

Supporting trade associations

In order to support Nigerian trade associations in equipping their members for exporting non-oil goods, PDF II (the predecessor of PDF Bridge) set up the Network of Practicing Non-Oil Exporters of Nigeria in March 2020. More recently, PDF Bridge has been helping NPEN to become operational – advising it on how to improve its internal governance structure for example. Getting NPEN up and running has enabled members of the network to work together to source and share information and build their capacity.

As well as championing a collaborative approach that allows trade associations to drive forward the exporting ability of their members, NPEN is also a vehicle for advocacy: it engages directly with government to ensure that policy decisions create an enabling environment for all non-oil exporters, regardless of their size and economic or political weight. In this sense, NPEN has been instrumental in making the voices of under-represented trade groups and business membership organisations heard by government.

Aside from supporting NPEN, PDF Bridge has also provided training to trade associations directly. In November 2020, it held a two-day capacity-building session aimed at helping the leadership of trade associations involved in exporting non-oil goods to improve their business strategies.

Mr Boyede, a member of NPEN, said that PDF II and PDF Bridge have provided systematic and structured support that has led to a stronger and more legitimate coalition.

Facilitating an export mentorship programme

In November 2020, PDF Bridge set up an export mentorship programme through which experienced and credible export companies can act as mentors to new or growing businesses that are nearly at the point of being able to export non-oil products. This mentorship programme was designed by PDF Bridge to help first-time or inexperienced exporters avoid the pitfalls commonly experienced. In so doing, it also provides an advisory service that is not currently delivered by government.

Toritseju Okanlawon reported that, under the guidance of her mentor, she has successfully written a commercial template for her export business. As a result, she is preparing to work with other mentees on exporting shea butter to the United States.

Providing training sessions for micro, small and medium enterprises

In June 2020, PDF Bridge ran four training sessions for MSMEs on export procedures and regulations. Specifically, the sessions looked at how to: develop strategies for market entry; raise finance for an export business; understand export documentation; and create branding and packaging for exports. Feedback from all those who participated in the training sessions was extremely positive, indicating that there was a definite need for information on how MSMEs can export non-oil goods.

Osasu Ajayi said that she had no knowledge of how to set up an export business until she attended the training sessions provided by PDF Bridge. She described them as “rich, all-encompassing and detailed”, and said they enabled her to learn about outsourcing and export documentation, both of which are relevant to her new business exporting snails.

Milestones

The support provided by PDF Bridge has provided much-needed services to Nigerian businesses wanting to learn how to run a sustainable export business with correct regulatory compliance. In particular, the PDF projects have:

- **Improved the governing structure of NPEN** – PDF Bridge used its convening power to attract experienced and influential policy makers onto the NPEN Governing Board, and has improved the knowledge base of this board by providing resource materials.
- **Increased the political and economic clout of non-oil trade associations** – by establishing NPEN and strengthening its operations, PDF II and PDF Bridge have given non-oil trade associations a platform registered with the Corporate Affairs Commission and a legitimacy recognised by key economic players such as the Central Bank of Nigeria, which has engaged with non-oil exporters more positively as a result.
- **Facilitated a shift in mindset with regard to using digital technology to enhance trade** – the mentorship programme has enabled new exporters to reach customers as far afield as Israel, Germany, Canada, the United Arab Emirates and the United States.
- **Helped non-oil exporters avoid financial pitfalls** – through the export mentorship programme, mentees have learnt about export contracting, preventing them from incurring financial liabilities that could ruin their businesses.
- **Provided exporters with the information necessary to develop business and marketing plans** – the export mentorship programme enabled mentees to learn where to source information on the standards and requirements of other countries, helping them to prepare, brand and package adequately.
- **Helped exporters avoid illegal practices** – mentors in the export mentorship programme gave valuable advice to their mentees, helping them to avoid falling into the hands of scammers at Apapa ports who specialise in forging certificates of origin.
- **Enabled traders to work collaboratively along an export chain** – the export mentorship programme provided information on shipping, for example, enabling exporters to group their shipping cargoes with others and save costs. In addition, the training for MSMEs encouraged participants to explore different parts of the value chain and outsource parts of it for efficiency; for example, farmers and other producers can sell to exporters rather than direct to export markets.
- **Prompted new exporters to seek out extra training** – the training for MSMEs made participants aware that they needed to upgrade their knowledge base; some therefore found new trainers to provide extra classes.



Lighting the way

The three initiatives spearheaded by PDF Bridge have been successful in reaching out to a wide cross-section of Nigerian export businesses. Taking on board lessons learnt from its predecessor programme, PDF Bridge took a more inclusive approach through which it targeted individual non-oil exporters and trade associations. As a result, MSMEs have been able to build their capacity to trade non-oil goods with countries throughout the African continent and beyond.

Following on from its initiatives, PDF Bridge has put forward three sets of recommendations – to the Nigerian government, NPEN and the Nigerian Export Promotion Council (NEPC) – that can further enhance the exporting potential of Nigerian businesses. Firstly, the **Government of Nigeria** should make sure that its regulatory bodies are not just watchdogs that penalise illegal trade activity, but are partners to MSMEs – guiding them through the export process and making information readily available. The government should also devise a means through which non-oil exporters can engage with its national assembly directly on legislative issues affecting trade.

Secondly, the **Network of Practicing Non-Oil Exporters of Nigeria** should seek to attract MSMEs into its network of non-oil exporting trade associations, and should train the leadership of trade associations in advocacy skills – enabling them to better represent their members when engaging with government. The network should also prepare and submit a funding proposal to the Central Bank of Nigeria, with suggestions on how it can better support the activities of the Network to achieve mutual goals, for example, to access intervention funds earmarked for non-oil export.

Thirdly, the **Nigerian Export Promotion Council** should take the lead in facilitating more cooperation between regulatory and trade facilitation agencies to avoid procedural bottlenecks that make it difficult for MSMEs to export non-oil goods out of Nigeria. NEPC should also encourage business support agencies to raise awareness on how small businesses can access finance. In particular, it should advocate for the Small and Medium Enterprises Development Agency of Nigeria to provide training to a greater number of MSMEs. In addition, NEPC should raise awareness among MSMEs about the export mentorship programme and develop a strategy that can enable it to function in the long term.



About us

The Policy Development Facility (PDF) Bridge programme, funded with UK aid from the UK government, is a flexible, rapid-response facility set up to support Champions of Change in implementing economic and social policies that lead to poverty reduction in Nigeria. Its goal is to provide Champions of Change with improved capacity and evidence to enable them to pursue vital economic and social reforms.

