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Entrepreneurship Development: The Key to Economic Growth and Freedom

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1.0 Introduction

The United Nations Secretary General High-Level Panel on Post-2015 Development agenda at their last meeting on February 1, 2013 in Monrovia, Liberia, had this to say about poverty and job creation, I quote;

> ***"Our vision and our responsibility is to end extreme poverty in all its form in the context of sustainable development and to have in place the building blocks of sustained prosperity for all. We see to make gains in poverty eradication irreversible. This is a global, people-centered and planet sensitive agenda to address the universal challenges of the 21st century; promoting sustainable development, supporting job-creating growth, protecting the environment and providing peace, security, freedom and equity at all levels" Unquote***

From Spain to Greece to Portugal and Italy, the job queue kept on increasing in length on daily basis. The unemployment figure was a major issue during the 2012 American presidential election. The economic fragility that used to be the neighbor of many African countries is on a long visit to many European countries. While job queues are not common in Nigeria and several African countries because there are no job centres, we however know that in several streets and corners of our cities, both in urban and rural areas is a great army of idle and unemployed youth looking hungry and frustrated. My first message this day is that youth unemployment has become a global phenomenon with its attendant problems of poverty, instability and insecurity.

Contemporary wisdom dictates and has demonstrated over several decades that the pillar of the economic and industrial development rest on Micro, Small and Medium Enterprises (MSME).

There is a general recognition that Nigeria and indeed the continent of Africa is yet to realise a large portion of her economic potentials partly due to the fragile nature of the MSME sector. One sure route to economic growth therefore is the multiplication of micro and small businesses through entrepreneurship development. Yet we are faced with a challenge: Our youth, though energetic are not equipped with requisite skills because our educational system and curriculum taught us how to use our heads and not our hands. Innovations and creativity were glaring omission in our make-up until very recent. In the absence of requisite skill and capacity, it would be impossible to effectively engage this army of the unemployed youth in meaningful economic activities and significantly reduce poverty.

My second message today, as we round up the introductory background to this lecture, is that the deployment of appropriate entrepreneurship training and enterprise development scheme is the path to youth employment, job creation, economic growth and freedom. The question therefore is what is Entrepreneurship?

2.0. What is Entrepreneurship?

Entrepreneurship covers a range of definitions from the very diverse theoretical background, which includes varying entrepreneurial activities to the more specific operationalised aspect of the subject matter. From a theoretical perspective, entrepreneurship is associated with uncertainty in a manner that is distinct from calculated risk. The element of this distinction according to Chandler (1990) is premised on risk that can be 'calculated' and 'uncertainty', which cannot. Sagay (2005), however puts it more succinctly as the ability to undertake initiatives and respond to economic opportunities in a manner that accepts connected risks.

In a more comprehensive view, entrepreneurship, is recognised, as a multiphase process useful for assessing the phases and types of entrepreneurial activities, from the early stage of nascent and new business ownership, through existing to discontinued or exited business ownership. Global Entrepreneurship Monitor (2012) recognizes the entrepreneurship process as complex and responsive to the dictates of the society. In this regard, the perception of the society about entrepreneurship if positive can strongly motivate entry into entrepreneurial activities. This perception dominates in the entrepreneurial characterization of the Ijebus, the ijeshas and the

Igbos as they believe that business ownership is inherently a part of the process to achieving economic success. A disdain of this perception, however, has limited the capability of successive economic empowerment programmes to achieve positive impacts. Closely knitted to this description is the concept of innovation, which include process, market, product, factor or/and organizational innovation.

According to Economic Freedom of the World (2012), entrepreneurship is the manifest ability and willingness of individuals to perceive new economic opportunities (such as new products, processes, modes of organization and product-market combinations as well as possibilities) and introduce the process of pursuing them into the market in the face of uncertainty.

Similarly, Egelhof (2005) noted that since businesses do not emerge by chance, the identification and exploitation of business opportunities through creative capacities can be positively influenced if entrepreneurs were motivated with access to resources. Further argument on the contributions of socio-cultural conditions to entrepreneurship process also suggest that the positive attitude of an economy towards entrepreneurship can generate appropriate support, assistance and networks requisite to facilitating early-stage and established entrepreneurs. Stevenson (1983) implied the notion of resource constraints and hinted on the significance of resource mobilization ability when he defined entrepreneurship as the pursuit of opportunity beyond resources controlled.

Following compelling global economic meltdown, Onyido (2011), considers the provision of infrastructures necessary for skills acquisition as a prerequisite for a thriving entrepreneurial process for economic development through job creation. This assertion is premised on the notion that the future of developing nations depends on activating participation from vibrant small and medium scale enterprises in the economy. This is however, without prejudice to the role of new businesses.

With increasing level of poverty and unemployment, there is a rising consideration for skills acquisition as the route to job creation. The calls are consistent with ancient thoughts that artisans were the mainstay of the economy. Pluto (400 B.C.) suggests that for a society to have peace, it must ensure its artisans find the right vocation, trained according to their callings and be fitted to do it. Largely, the ancient knowledge on skills acquisition has inadvertently influenced the interchangeable use of vocational skills for entrepreneurial skills.

3.0 Conceptual Clarification between Entrepreneurship and Vocational Training

Africa Economic Outlook (2008) observed that Technical and vocational skills development (TVSD) is a concept that thrives on the acquisition of knowledge, practical competencies, knowhow and attitudes to perform a certain trade or occupation in the labour market and it is indicative of the process for acquiring vocational skills. Generally vocational and technical skills competencies are acquired either through structured training or through practical experience acquired on the job or a combination of the both. Constraints of educational attainment necessitated that vocation skills acquisition is considered an alternative to accessing economical and socially rewarding job or expansion of the informal-business sector to re-absorb displaced workers, and migrants as well as support the transition of school drop-outs and the unemployed from school to work, and eventual integration into the economy.

While vocational skills acquisition is important for having a vocation, it does not necessarily lead to entrepreneurship, until basic entrepreneurial skills are acquired and absorbed. Vocational training may be an appropriate practical option for securing household livelihoods, but, offers minimal possibility for sustainable income until entrepreneurial skills are applied. Whereas vocational skills can be tailored towards jobs associated with either paid employment or self-employment, entrepreneurship is strictly based on the identification of opportunities that suggests self-employment as more rewarding than paid employment. The Nigerian experience from the 1950s to the present clearly suggest that vocational education was introduced to fit students into paid employment and not necessarily to equip them to supply trained manpower to develop the economy. Specifically, Aladekomo (2004) noted that the 1981 National Educational Policy focused on the acquisition of vocational/technical skills as a requirement for the 'development of higher level manpower' instead of self-employment

Though the rising rate of unemployment facilitated the optimization of vocational skills for entrepreneurship development, however, negative societal notions about the educational value of vocational skills and the lack of clarity on the distinction between vocational and entrepreneurial skills continue to obstruct potential opportunities for economic growth in Nigeria.

Meanwhile, poverty reduction reforms as indicated in Nigeria' Poverty Reduction Strategy Paper (PRSP) identifies skills development as a core component of unemployment and poverty reduction approach. Also, from a Practitioner perspective, it is observed that the lack of conceptual clarity between vocational skills training and entrepreneurship training engenders confusion in policy articulation and implementation within the economic sphere. In submission, therefore, while vocational training promotes and sustains technical skills and knowledge, entrepreneurship training provides the means to create wealth. Without this, poverty alleviation will remain an aspiration even with a plethora of Poverty Reduction Strategy Papers. Evidence already suggests that the inability of several artisans and technicians to translate skills to wealth is a major hindrance to economic growth and development. However, the capability of entrepreneurship training as a mechanism for attaining economic freedom provides evidence to the contrary.

4.0 Characteristics of Economic Freedom

The link between entrepreneurship and economic freedom is better described using operational definitions that are premised on freedom to choose and engage in voluntary transactions. The components of economic freedom include; the size of government, enforcement of property rights, sound money, degree of openness to international trade and investment, and public regulations. These cornerstones of economic freedom recognize the freedom of individual to make economic choices and engage in voluntary transactions without infringement on the rights of others to do the same. Essia (2012) description of Entrepreneurship as a dynamic process and social process involving individuals - solely or in cooperation with others to identify and utilize possibilities to transform ideas into practical and goal-oriented activities in a socio-cultural or economic context aligns with this position. In an economically free society therefore, it is the responsibility of government to protect individuals and their economic assets through policies that are consistent with the protective function.

Arguably, for a variety of reasons, the size of government affects entrepreneurship either through the reduction of private sector job creating opportunities by the nationalization of economic activities, or increased tax burden as a result of large government. Similarly, weakly defined property rights may limit access of entrepreneurs to credit, since assets that may have otherwise function as collateral will not be applicable. As indicated by the Economic Freedom of the World Report (2012), well-defined and enforced rights to residual income will not only reduce the risk of undertaking entrepreneurial activities but also stimulate the supply of entrepreneurs. In turn, this may augment the effect of quality regulations and judicial process on the overall level of entrepreneurial activity. Another core component of economic freedom is sound money, which reflects the rate and variability of inflation, and helps entrepreneurs as speculators who receive residual income to connect with anticipations of future relative prices.

While the degree of openness to international trade and investment may drive entrepreneurial discovery, public regulation can help entrepreneurs if properly moderated. Table 1, below, reflects the inconsistencies between policies and economic freedom in Nigeria.

Table 1 - Nigeria: Area Economic Freedom Ratings (Rankings) for 2010

Country	Areas					Components of Area 5		
	1 Size of Government	2 Legal System and Property Rights	3 Sound Money	4 Freedom to trade internationally	5 Regulation	5A Credit market regulations	5B Labor market regulations	5C Business regulations
Nigeria	6.16 (85)	3.95 (124)	6.59 (119)	6.55 (105)	7.11 (63)	8.68 (66)	7.97 (22)	4.67 (132)

Source: Economic Freedom of the World: 2012 Annual Report

It is clear that fiscal size of government alone is insufficient to ensure economic freedom. It must be strengthened with the institutions of economic freedom, such as the rule of law and property rights, as well as sound money, trade openness, and sensible regulation. In the case of Nigeria, weakness in the sound money, rule of law and property rights as well as business regulations is particularly pronounced and has strangulated the opportunities to provide and create jobs. When the young people lack opportunities to express their entrepreneurial skills, they are in economic bondage. Individual and collective attempts made by these young people to free themselves from this bondage are often tilted tow criminal activities which now pervade our national life.

5.0 What is Economic Growth?

The World Bank Group defines economic growth as the "quantitative change or expansion in a country's economy, which is conventionally measured as the percentage increase in gross domestic product (GDP) or gross national product (GNP) in a year. According to the World Bank, economic growth can either be extensive (use of a combination of resources that could be physical, human or natural capital) or intensive (efficient use of the same amount of resources i.e. productively). However, in spite of the potential of economic growth for poverty, its link with human development has remained lopsided at the cost of greater inequality, higher unemployment and social benefits. Sustainability requirements therefore may have prompted Thaddeus (2012) attributing economic growth rate to the complementary roles of government and entrepreneurs, requiring government to provide the enabling environment for promoting entrepreneurial culture through specific business development initiatives.

5.1 The Role of Entrepreneurship in Economic Growth

Following failure of several interventions aimed at stimulating economic growth, the early 2000s marked the shift to entrepreneurship development in Nigeria. First, Entrepreneurship Development Centres were established to provide entrepreneurial skills for aspiring and existing business owners to create jobs and reduce unemployment and poverty in Nigeria. Entrepreneurship study was later introduced into the educational systems; particularly at tertiary and secondary levels. This was largely premised on the conviction that the technical and commercial capabilities of the entrepreneurs offer potential for employment and the growth of micro, small and medium scale enterprises (MSMEs). In alignment with this strategy, the Africa Economic Outlook (2008) advocates that where the informal sector dominates, technical and vocational skills development (TVSD) reforms should recognise and emphasize skills development, such as business management and entrepreneurial training.

Similarly, historical experience of economic growth from the European Industrial Revolution (1760 – 1850) to present world of developed nations, amplifies the contributions and impact of

SMEs to industrial development, technological innovations and export promotion. Ogbo (2012) indicated that while over 90% of all enterprises in the developed world are with the SMEs sub-sector, small businesses contribute nearly 39% of the USA's national income and about 46% of its industrialized labour force. [1]In Nigeria, for instance, the SMEs account for 60% of the GDP, with a sub-sector representation of 50% for distribution trade; 10%, manufacturing; 30%, agriculture; and 10% in the service sector.

Likewise, Onugu (2005) identifies SMEs enormous potentials and opportunities to simultaneously create wealth, rebound development and industrialization, as well as reduce unemployment and poverty in Nigeria. He posited further that this process requires a combination of government efforts at resolving sector specific issues and operators' change of attitude and habits relating to entrepreneurship development. This perception suggests that the availability of managerial capacity and acumen are pre-requisites for promoters to pursue credit opportunities and develop enterprises. This is consistent with the World Bank (2004) position that economic growth must be constantly nourished by the fruits of human development, such as higher qualified workers capable of technological and managerial innovations along with opportunities for their efficient use: more and better jobs, and better conditions for new businesses to grow.

Overall, SMEs development holds economic attraction for developed and emerging nations as driver of economies, albeit this economic process is fraught with loads of challenges, which include inadequate infrastructure, and taxation complexity, enforcement and instability. Inspite of these, SMEs are expected to raise in a sustainable manner, household incomes, generate employment and facilitate increased trade, manufacturing, agricultural productivity, and engender market surpluses as well as improved access to markets, while systematically supporting credit sales at more affordable rates for individuals and small businesses across the country.

[1] Chief John Odeyemi, Chairman Ecobank and National President of the Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA)

5.0 Policies Targeted towards Economic Growth

To drive economic growth, the Nigerian government has in the past come up with variety of incentives, policies and programmes aimed at boosting the performance of SMEs, broadly include:

- Special Purpose Funds (Agriculture, Cotton, Export, etc)
- Provision of leadership in the formulation of sub-regional / regional economic protocols
- Fiscal incentives and protective fiscal policies
- Vibrant Financial regulatory framework / guidelines in alignment with global economy and standards

Specific MSME and empowerment related programmes include;

Table 2: A Cross Section of MSME and Empowerment Related Programmes of Federal Government of Nigeria

S/N	Programme	Year Established	Target Group	Nature of Intervention
1	National Directorate of Employment (NDE)	1989	unemployed youth and retired persons	Design and implement programmes to combat mass unemployment;
2	The Poverty Alleviation Programme (PAP)	2000	Women and the Youth	To address the problems of rising unemployment and crime wave, particularly among youths. It was ultimately aimed at increasing the welfare of Nigerians
3	The National Poverty Eradication Programme (NAPEP)	2001	All categories	focuses on the provision of "strategies for the eradication of absolute poverty in Nigeria"
4	National Economic and Empowerment Development Strategy (NEEDS	2003	Private Sector	Job creation by encouraging and supporting aspiring entrepreneurial youth in Nigeria to develop and execute business ideas
5	Establishment of Small and Medium Scale Enterprise Development Agency	2003	Small scale Enterprises (SMEs)	Ensure successful establishment and functioning of production units of business organization

	(SMEDAN)			
6	Establishment of Entrepreneurship Development Centres (EDC)	2008	Youth, Business Owners	To encourage private entrepreneurship, self employment, job creations, income growth, poverty eradication and economic development
7	Youth Enterprise with Innovation in Nigeria (YouWIN!)	2011	Youth, Business Owners	Places emphasis on private sector of the economy as the key engine of development

In 2008, following the failure of successive public-sector poverty-reduction programmes of government, the Central Bank of Nigeria initiated an innovative partnership programme with the private sector to optimize the contribution of small businesses to the economy, through the establishment of three Entrepreneurship Development Centres to help aspiring and existing enterprise promoters start and expand their businesses.

6.0 Entrepreneurship Development Center (EDC) Project

The Entrepreneurship Development Centre (EDC) is a Public – Private – Partnership (PPP) project funded by the Central Bank of Nigeria (CBN) but managed by Implementing Agencies, one of which is the Africa Leadership Forum (ALF), Africa's foremost non-governmental organisation, who managed the South West EDC located in Lagos; the commercial nerve centre of Nigeria.

The project utilizes entrepreneurship development as a key employment generation and poverty alleviation tool. It seeks to transform unemployed and underemployed youth from job seekers into employers of labour through person-centered enterprise creation business development training, using a mix of training methods that include group works, role plays, games, simulation, presentations and field visits. The EDC project was originally located in the three commercial cities of Lagos (for South-west), Kano (for North-west) and Onitsha (for South-east). A successful review of these three Centres culminated in replication of Centres at the onset of 2013 in Calabar (for South-south), Markurdi (for North-central) and Maiduguri (for North-east).

One unique attribute and success factor of the EDC is the twin approach of integrating entrepreneurship training into vocational skills acquisition and the application of information technology into enterprise development. This approach contributes significantly to improved entrepreneurial skills and capability for beneficiaries to run their business enterprises. Additionally, the EDC promotes an innovative “credit-plus” model for beneficiaries by facilitating access to credit for promoters of business start-ups and expansions.

The *goal* of the *Entrepreneurship Development Centre as a project* is to promote economic growth in Nigeria by providing sustainable employment-generation and micro-enterprise development services to disadvantaged youth. The *strategic objectives* of this initiative are to: first, *create* access to practical micro-enterprise development services; second, *develop* access to viable employment-generation services; and third, *strengthen* the financial and operational sustainability of job creation services. EDC concept thus evolves from this realization knowing fully well that while entrepreneurs are neither born nor made, potential entrepreneurs can be developed and stimulated to start their own businesses through appropriate interventions.

The EDC training is packaged in a way to deliver training and capacity building for three categories of people namely:

- The Graduate training Scheme which will target graduates of universities and Polytechnics who are expected to receive a total of four (4) weeks of training and interaction with the EDC staff
- The Non-Graduate Training Scheme will be for secondary school leavers and holders of the National Diploma. Their training exposure and interaction will be for eight (8) weeks.
- Managerial Enhancement Training Scheme for Master Artisans which is not expected to last for more than one (1) week.

The EDC project has the vision of improving the livelihood of the unemployed Nigerian youth by raising their standard of living through training and bankable business plan writing in order to attract non collaterised, single digit interest rate loan from banks as funds for business startups or/and expansion. Its essence is to reduce unemployment rate in Nigeria, address poor economic growth and security concerns associated with idle and aggrieved unemployed youths from our secondary and tertiary Institutions over the years. It, therefore, becomes imperative to engage this group through meaningful and well tailored enterprise training. Consequently training modules/sessions manuals were developed for use by facilitators to train the beneficiaries. The broad objective of this is to build the capacity of the unemployed youths so that they can improve in business establishment, management, development, profitability, expansion and promote self reliance through enterprise development, a precursor for job creation, national security and economic growth.

It is expected that at the end of the training activities, participants will among others:

i. Be able to carry out necessary market and any other cursory research/survey needed for a good business establishment and expansion

ii. Be able to define and develop bankable business plan for any enterprise.

iii. Be equipped with effective management strategies in their chosen enterprise businesses.

iv. Be able to develop, expand and be innovative or creative in their product line(s) through expansion to new market areas.

v. Have the ability to improve in the delivery and distribution systems of their products

vi. Be better managers of their enterprises with proper record keeping that will assist them in all the functional aspects of any enterprise.

vii. Be equipped with the necessary negotiation skills in obtaining loan and or any other business transactions.

viii. Be result oriented and have financial discipline befitting a growth enterprise

The performance measures of the EDC, Lagos indicate a total of **17,530** and **18,867 persons have been trained and counseled respectively**. In addition to facilitating access to credit worth about **N92,000,000.00,** for some trainees**,** the Centre's efforts have contributed to the creation of **213 new** businesses and expansion of **813 existing businesses**. These businesses have been able to create over **3,044** jobs (direct and indirect) in five years.

However, a visible gap in the design of the EDC project is the lack of appropriate financial intermediation that can provide the requisite start-up fund and working capital for the trainees of the Entrepreneurship Development Centre. In an attempt to solve this challenge the Africa Leadership Forum in conjunction with its insurance partners developed a risk mitigation product called the Growth Enterprise Insurance Scheme (GEIS). The design gap was based on an erroneous assumption that Microfinance Institutions will support EDC trainees' credit requirements. This error also informed the lack of appropriate credit framework in project design.

Additionally, project design lacks appropriate stakeholders' engagement framework for relevant government agencies to contribute to the performance of the project in attaining set goals.

Finally, project design does not include gender considerations for the manner entrepreneurship training requirements affect men and women differently, especially for the purpose of increasing the entry and growth of women-owned businesses.

6.0. Business Loans and Entrepreneurship Development

Nigeria may have taken considerable steps towards stimulating growth in the MSME sector, but, the vast majority of MSMEs remain weak and fragile. Many micro and small businesses collapse within 18 months of operations, while the few surviving ones remain perpetually vulnerable. Clearly, the sector is inundated with some grave challenges impairing its potential as a key engine of economic growth. The most worrisome and devastating of these challenges is inability of MSMEs to access business loans.

One extreme response is the political micro-credit scheme that you find in almost every state of the federation where such funds are distributed and administered as a political largesse. The result or the outcome of such schemes are very predictable without any rigorous analysis: There will be no repayment or in some isolated cases, you can achieve between 10% -20% repayment rate. Doling out money in this manner is like following my philosophy of giving guns to untrained hands. When you do this, a number of things will happen: There will be accidental discharge, there will be stray bullets, the gun may be damaged, and the handler of the gun may kill himself/herself in the process such that at the end of the day, you will neither have the gun or the handler of the gun. In this instance, you may never see the money, the business enterprise and the loan beneficiary.

A more professional response by the federal government is the creation of a variety of funding institutions, which include the Bank of Industry (BOI), National Economic Reconstruction Fund (NERFUND), Bank of Agriculture (BOA), CBN-SME fund, Agricultural Credit Guarantee Scheme etc. However, the criteria and conditionality for accessing such funds remain impractical to virtually all MSMEs because of collateralisation of small business loans.

A key strategy, therefore, for unleashing the potential of the nation's MSMEs is to revolutionize the concept of collateral by dissociating collateral from physical property. Credit guarantee issued by reputable individuals, corporate bodies or insurance companies, represents a liability declaration for credit repayment in case of default and should as such be acceptable to lending institutions in their transactions with MSMEs. A veritable response mechanism is the **Growth Enterprise Insurance Scheme (GEIS).** The scheme as a credit risk mitigation product is designed as an alternative to the traditional collateral requirement for loan.

7.0 Characteristics of the Growth Enterprise Insurance Scheme (GEIS)

The Growth Enterprise Insurance Scheme (GEIS) is a brainchild of the Africa Leadership Forum, created in conjunction with Great Nigeria Insurance (GNI) and SCIB Insurance Brokers as an innovative risk mitigation product designed to protect businesses, business owners and credit facilities from unforeseen occurrences that could threaten investments. The policy underwrites risks associated to life, business and credit liabilities of operators of growth enterprises.

GEIS is generally anchored on "Growth Enterprise" concept, which posits that only enterprises with growth potential can help tackle poverty and unemployment challenges sustainably and make significant contribution to the economy. Growth enterprises are such businesses with enhanced capacity to transform from micro to small, small to medium and medium to large scale enterprises and thus possess high employment generation quotient. If entrepreneurs are therefore confident and their businesses, through systematic evaluation, appear viable, they should be supported with finance and other types of assistance.

- **Operational Modalities**

The beneficiaries would:

- Complete the EDC comprehensive entrepreneurship training programme;
- Produce bankable business plan certified by the Business Development unit of the EDC;
- Tender the copy of the business plan to the Lending Institutions (LI) for verification and approval;
- Take up the insurance policy, by paying the appropriate premium, upon the issuance of provisional offer of loan papers;
- Collect the loans and be committed to the repayment plan.

- **GEIS Practicality**

The GEIS framework is an evidence-based proposal which has been tested with various MSMEs. As a pilot project, the Africa Leadership Forum facilitated a total of ten million, five hundred and thirty thousand Naira start-up and expansion facilities for 8 graduates of CBN-EDC from National Economic Reconstruction Fund (NERFUND), using the Growth Enterprise Insurance Scheme (GEIS) as collateral. The facilities granted between March 2011 and July 2012 ranged from N300, 000 to N3.2 million for beneficiaries who had undergone the Graduate and Non-Graduate entrepreneurship training programmes at EDC Lagos, where they produced bankable business plans under close supervision of business development specialists.

Prior to loan disbursement, ALF and SCIB Insurance conducted an orientation and documentation session, where beneficiaries familiarized themselves with GEIS procedures and processes. Every beneficiary was required to produce two guarantors to be held liable for loan repayment in case of default. After fulfilling all conditions attached to the GEIS's terms, cheques were delivered to beneficiaries. As an additional security measure aimed at preventing funds diversion, two cheques were given to businesses with heavy equipment component: one in honour of the equipment supplier, while the other, covering operational expenses, was written in honour of the business promoter.

GEIS can be a panacea for MSMEs' business finance difficulties, if adopted as a national credit guarantee and business insurance tool.

- **Product Scope**

GEIS provides insurance covers for MSMEs in three key areas:

- **Credit Guarantee:** protects LIs against the beneficiaries' inability to repay the loans due to borrowers' default. The insurer has to compensate the LIs in case of default and turn to the insured (borrower) to recoup their outlay. That means a defaulting borrower must still remains liable for loan repayment to the insurer;
- **Life Insurance:** covers inability of borrower to repay loans as a result of the death of the entrepreneur. The insurer will settle the outstanding loan to be repaid as at the time of borrowers' death and free the deceased or his dependants of any liabilities;
- **Property Insurance:** covers the assets of the insured entrepreneurs against possible losses. The insurer compensates the borrower against damages to his assets that may hinder him from continuing his business to repay his debts. Thus, his assets are insured against fire and burglary incidences.

8.0. Field Experience: Collaboration with Ekiti State Government

In 2009, the Ekiti State Government revamped its fight against poverty and youth unemployment with the adoption of entrepreneurship training for its youth. As part of this process the state commenced entrepreneurship training for 97 youth who were screened and selected from over 1000 applicants presented by wards/Local Government Authorities in the state to participate in a psychometrics test for the determination of their suitability as entrepreneurs. Following the selection and screening process, 79 male and 18 female received the Executive Governor's approval to participate in entrepreneurship training and business plan review processes in preparation for enterprise formation. To support the successful delegates, a tripartite meeting involving the EDC Lagos, Ekiti State Government and the Bank of Industry (BOI) was arranged to discuss the modalities for the provision of counterpart funding (by the State and BOI). This process afterwards facilitated the disbursement of loan by BOI to eligible and trained Ekiti indigenes to start varying business enterprises within the state.

To determine the impact of entrepreneurship development on economic growth, political sensitivity procedures were utilised to test the viability of 67 (84.81%) out of 82 proposed start-ups for Ekiti State by government sponsored trainees. The Ekiti state trained indigenes were targeted following completion of full cycle of the entrepreneurship development process by fulfilling training and business plan writing requirements, and loan application as well as disbursement requirements. This facilitated calculation of anticipated returns from funds utilisation based on the following criteria;

- Viability and Sensitivity Analysis
- Job creation potential - *CAGR = [(Cash position @ end ÷ Start-up Capital @ beginning)$^{1/n}$] – 1*(100)*

  Where "n" is the number of time periods (5 years for this example)

- Growth potentials
- Gross domestic product contributions
- Sustainability potentials - **SR = Cash position @ end ÷ Startup Capital @ beginning**

The projection indicates that with core factors constant, the businesses possess the capability to generate 1,010 jobs within 5 years of commencement at average of 12 newly created jobs per business. In addition, the businesses indicated a compound average growth rate of 21.7% and a potential contribution of ₦846.23M (at an individual business average of N10.32M) in two years. What this clearly demonstrates is that Return on Investment (ROI) in entrepreneurship development is high, it has great multiplier effect and can become a huge contributor to the gross domestic product both at the state and the national level. Every government or corporate entities involved in entrepreneurship training should begin to understand that though it's a social investment that tend to solve a social problem in the short run but in the long run, the benefit is to the economy as a whole and a sure way to economic growth and freedom.

9.0 Summary and Conclusions

As I begin to round up, it is very important to highlight a number of issues that came up during this lecture**:**

i. Youth unemployment is a global phenomenon that is receiving the attention of the international community as exemplified by the direction of the United Nations post 2015 development agenda;
ii. The solution to this rising unemployment and poverty is our collective ability to create more conducive environment for multiplication of micro, small and medium enterprises through effective delivery of a well articulated entrepreneurship development programmes;

iii. This lecture recognizes that the concept of empowerment should be based on the acquisition of the appropriate skills for wealth and job creation. This suggests that disbursement of money without the right skills is not empowerment as it tends towards the promotion of welfare and political patronage. Entrepreneurship development is not about training alone but an empowerment process that promotes the translation of business ideas to business enterprises including the provision of requisite business advisory services

iv. It is clear from the above that the adoption of entrepreneurship development as a national programme is a pre-requisite for achieving the Millennium Development Goal 1 on Poverty Reduction

v. Similarly, experience suggests that the creation of an Entrepreneurship Development Fund will forestall entrepreneurial fatigue and engender promotion of enterprises by skilled entrepreneurs who are already equipped to pursue opportunities

vi. Field observation from the project and the Ekiti intervention suggests lack of gender awareness by government at all levels that economic programmes affects male and female differently. As a result, the design and implementation of such programmes were not gender responsive and tend to alienate women from center of opportunities.

It the light of the foregoing, I would like to make the following recommendations:

i. Creation of law and policy on National Entrepreneurship Development. The core of this law and policy is that no financial institutions should provide finance, credit and/or enterprise support services to micro and small enterprises except the operators have undergone entrepreneurship training in certified and recognised institutions

ii. Entrepreneurship Training should be incorporated into Nigeria educational system and curriculum in a more systematic manner that will make it possible for graduates to set up business enterprises upon completion of their national service. The current effort of the National Universities Commission (NUC) need a revisit and redesign such that external but competent institutions and experts should be allow to collaborate with the universities in the delivery of this important but relevant training for our national development. Entrepreneurship is not just about setting up centres for entrepreneurial studies but getting trainers and facilitators with practical business management experience to work alongside the university in equipping students with relevant skills that will aid their transition from the utopian walls of the university to the real business world

iii. Subsequent entrepreneurship development and empowerment programme at the national, state and local level should target women to increase their contributions to the economy. Women have been known to be great managers of resources both at the household and industry level. Please don't let us take that away from them. A more gender responsive economic policy framework is required in Nigeria if we truly desire to promote inclusive national development.

iv. Following (iii) above, I wish to suggest to the Board of Directors of Bassey Andah Foundation to create BAF Enterprise Development Programme that will have the following components:

   a. Customised Entrepreneurship Training;
   b. Target young women with strong desire for business ownership;
   c. Target low income or marginalised communities and less privilege families;
   d. Focus on micro enterprises where big and immediate impact can be achieve;
   e. Create BAF Enterprise Fund that supports micro-enterprises.

The Africa Leadership Forum and the EDC, Lagos will be willing to sign a Memorandum of Understanding with BAF to actualise this proposed initiative and also bring in the EDCs in Calabar and Onitsha to work along with us in this regard.

I would like to end this lecture with my story. The first time I ever travelled to United Kingdom in 1985, I was fascinated by Kentucky Fried Chicken (KFC) and then said to my friend that it is possible for us to set up such a business as students on a micro scale. We were about to start our Masters degree programme when we needed all the concentration for our academic work but we chose to start this business along with our study. So we took a small shop at the University of Ibadan "Black Market" opposite Nnamdi Azikwe Hall. So we created our own brand of KFC called "Kampus Fried Chicken". We combined all equipments that we could raise from our homes like fridge freezer, deep freezer, purchased two deep fryers, and a centrifugal potatoes peeler and raise few amount of money from our pocket money and savings. We then approached a printer who produced our own KFC box for us and from there we launched out. This business became a household name in the university and people rushed to our kiosk every evening. The beauty of this story is that I was able to wade through my Masters degree programme, received a Ford Foundation Research grant for my M.Sc. field work and went on to be the first person in the 1984 graduating class to pick a doctorate degree in Agricultural Economics in 1992.

If God helped me, if I did not fail and ended up being a useful citizen, we all have a collective responsibility to help our youth so that they can turn out and become useful and great citizens. We can do it, let's rise up and do it for this generation and the one after us.

God bless you and thank you for listening.

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