

Sanusi Lamido Sanusi: Supporting the development of entrepreneurship in Nigeria

Keynote address by Mr Sanusi Lamido Sanusi, Governor of the Central Bank of Nigeria, at the launching of the South-South Entrepreneurship Development Centre (EDC), Calabar, 2 September 2013.

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Protocol

1.0 It is my honour and pleasure to address this audience on this occasion of the launching of the South-South Zone, Entrepreneurship Development Centre, located here in Calabar, Cross River State. The high-level turnout at this event, is an eloquent testimony to the commitment of Nigerians to participate in worthy development efforts that hold promise for improving the lot of our citizenry, particularly the youth.

2.0 It is evident that we as a nation are confronted with a wide range of developmental challenges. The 2012 general household survey conducted by the National Bureau of Statistics, revealed that 23.9% of the adult working population is unemployed. More worrisome is the fact that the unemployment rate has exhibited a worsening trend, rising from 8.2% in 1999 to the 23.9% in 2011. In Cross River State specifically, the rate increased from 7.9% in 2002 to 18.2% in 2011. This would obviously not only have a significant effect on the psychology of the individuals concerned, but also have a destabilizing impact on the wider society.

3.0 In its bid to support efforts to reverse these glaring development challenges, the Central Bank of Nigeria has over the years, continued to partner with Government at all levels and some stakeholders to initiate policies, programmes and schemes that will impact the lives of youth in the country.

4.0 Ladies and Gentlemen, the main purpose of our gathering this morning is to officially flag-off the Central Bank of Nigeria supported Entrepreneurship Development Centre located in the South-South zone. The centre would be expected to serve Akwa Ibom, Rivers, Bayelsa, Edo, Delta and Cross River States. Consequently, it will advertise and enroll trainees from these States.

5.0 This initiative commenced 2008 in three locations namely; Onitsha (South-East), Kano (North-West), and Lagos (South-West). Between 2008 and 2013, the three centres have trained a total of **41,828** persons, counseled **94,259** entrepreneurs and have directly led to the creation of **13,124 jobs**. Furthermore, a total of **1,743** trainees were linked to financial institutions from which they obtained loans amounting to **N227.84 million** to start or expand their businesses. This first phase of the CBN-EDC initiative came to an end April 2013 having operated for 5 years. Ladies and Gentlemen, for sustainability purposes, i am pleased to inform you that the Management of the Bank has extended the tenure of the first phase CBN-EDCs by an additional three years to enable the host State Governments in the aforementioned zones key in and participate actively in the enhanced EDC model. The Bank is therefore in the process of putting together phase 2 of the programme for the South- East, North-West and South-West zones.

6.0 The modest achievements recorded and the experiences of the EDC have encouraged the Bank to roll out the project in the remaining three geopolitical zones of North-East (Maiduguri), North- Central (Markudi) and South-South (Calabar). To date the new centres have trained all together 1,381 participants in the first half of 2013, in spite of teething challenges faced. I particularly appreciate the Government of Cross River State for allocating a temporary training venue for the Implementing Agency, Sheild Academy

Partners to commence its training activities before today's official flag-off of this magnificent building that will permanently host the centre.

7.0 Permit me at this point to take a few minutes to provide a brief highlight on the EDC to create an understanding of its concept, operational modality and what is required from stakeholders (Government, CBN, Implementing Agencies, and Financial Institutions etc) to make the programme a success.

8.0 The EDC provides a platform for State Governments, private sector and the Central Bank of Nigeria to jointly support entrepreneurship development across the country. The centres provide facilities for training particularly secondary school leavers and university graduates to obtain skills on how to identify, choose, and practically engage in profitable production of goods and services.

9.0 The State Government is expected to provide the enabling environment through the provision of conducive structure and a site for the centres, while the Central Bank of Nigeria engages private consultants to independently operate the centres. It is worth reiterating that the States where the EDCs are located and the implementation agency were selected through a competitive bidding process to guarantee efficiency and effectiveness in its operations.

10.0 The Governments of the respective States are also expected to enlighten their indigenes and provide the required financial and moral support to take full advantage of the opportunities offered. Trainees/graduates of the EDCs are expected to be attached to incubation facilities, where they could commence, practice and perfect their chosen businesses upon graduation before standing independently on their own.

11.0 Ladies and Gentlemen, to reiterate my earlier point, out of 41,828 participants trained in the pilot phase of the EDCs between 2008 and April 2013, only 1,743, (about 4.17 per cent) of the trainees were linked to financial institution for loans, which we found quite worrisome as it was an obvious hinderance to achieving the objectives of the EDCs. This has been one of the major challenges of the programme for which efforts are being made to address. I am pleased to inform you that the Bank through NIRSAL Plc., the CBN's Incentive-based, Risk Sharing System for Agricultural Lending, would support trainees in agricultural value-chain businesses by way of credit guarantees, insurance, technical assistance and other incentives. Also, the Bank on August 15, 2013, launched the ₦220 Billion Micro, Small and Medium Enterprises Development Fund (MSMEDF) which has a funding window for Financial Institutions, particularly Microfinance Banks, to provide funding for the financial needs of the EDC graduates. This Fund will provide long-term low interest funding to eligible MFI, for un-lending to beneficiaries at single digit interest rates. 60% of the Fund is dedicated to businesses owned and managed by women. The Governing Council of the EDCs is also exploring ways to key in to the Bank of Industry's recently launched Bottom of the Pyramid Fund for the EDC graduates to access for their chosen businesses. Let me use this opportunity to urge the Nigerian financial institutions and other stakeholders here present, to support innovations and services that will enhance the success of the implementation of the EDC in the South-South. State Governments in the geopolitical zone are encouraged to set aside funds dedicated to the graduates of the EDC to enable them start up and expand their businesses. I should also add that the Bank has recently reviewed the Microfinance Policy to allow State Governments to establish Microfinance Banks that can provide financial services to micro, small and medium scale entrepreneurs.

12.0 I would want to emphasize that the ultimate goal of the EDC concept is to achieve the replication of the Centres in each State of the Federation. At this juncture, I would like to urge others, particularly governments, NGOs and wealthy individuals in society to explore setting up EDCs, as they can be a valuable conduit for building the entrepreneurial capacity of people and assisting them to contribute to the economic wellbeing of the country.

13.0 Ladies and Gentlemen, the EDCs hold promise for engaging our youth in productive and positive activities. It will assist in job and wealth creation, promote growth and

development and checkmate restiveness and other vices in our society. All efforts must therefore be made to support the realization of its objectives.

14.0 In conclusion, I would like to once again congratulate Sheild Academy Partners and the Government of Cross River State for winning the bid to be the implementation agency and host state for the South-South EDC and solicit the participation of all the stakeholders in the South-South zone to ensure the success of the Centre in the zone.

On this note, I declare the Central Bank of Nigeria- Entrepreneurship Development Centre - South-South geopolitical zone opened and particularly expect the Centre to be a resourceful Entrepreneurship Centre for the teeming youths of the South-South geopolitical Zone.

15.0 Thank you all for your kind attention.